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Form **990**

Department of the Treasury
Internal Revenue Service

Return of Organization Exempt From Income Tax

Under section 501(c), 527, or 4947(a)(1) of the Internal Revenue Code (except private foundations)

▶ Do not enter Social Security numbers on this form as it may be made public By law, the IRS generally cannot redact the information on the form

▶ Information about Form 990 and its instructions is at www.IRS.gov/form990

OMB No 1545-0047

2013

Open to Public Inspection

A For the 2013 calendar year, or tax year beginning 10-01-2013 , 2013, and ending 09-30-2014

B Check if applicable
- ☐ Address change
- ☐ Name change
- ☐ Initial return
- ☐ Terminated
- ☐ Amended return
- ☐ Application pending

C Name of organization
WINONA HEALTH SERVICES INC

Doing Business As

Number and street (or P O box if mail is not delivered to street address) | Room/suite
855 MANKATO AVENUE

City or town, state or province, country, and ZIP or foreign postal code
WINONA, MN 55987

D Employer identification number
41-0713914

E Telephone number
(507)454-3650

G Gross receipts $ 118,659,832

F Name and address of principal officer
RACHELLE HEISING-SCHULTZ
855 MANKATO AVENUE
WINONA,MN 55987

H(a) Is this a group return for subordinates? ☐ Yes ☑ No

H(b) Are all subordinates included? ☐ Yes ☐ No
If "No," attach a list (see instructions)

H(c) Group exemption number ▶

I Tax-exempt status ☑ 501(c)(3) ☐ 501(c) ( ) ◀ (insert no) ☐ 4947(a)(1) or ☐ 527

J Website: ▶ WWW WINONAHEALTH ORG

K Form of organization ☑ Corporation ☐ Trust ☐ Association ☐ Other ▶

L Year of formation 1894

M State of legal domicile MN

Part I Summary

1 Briefly describe the organization's mission or most significant activities
HOSPITAL SERVICES

2 Check this box ▶☐ if the organization discontinued its operations or disposed of more than 25% of its net assets

Activities & Governance

3	Number of voting members of the governing body (Part VI, line 1a)	**3**	17
4	Number of independent voting members of the governing body (Part VI, line 1b)	**4**	8
5	Total number of individuals employed in calendar year 2013 (Part V, line 2a)	**5**	1,154
6	Total number of volunteers (estimate if necessary)	**6**	270
7a	Total unrelated business revenue from Part VIII, column (C), line 12	**7a**	0
b	Net unrelated business taxable income from Form 990-T, line 34	**7b**	0

		Prior Year	Current Year
Revenue **8**	Contributions and grants (Part VIII, line 1h)	215,052	360,356
9	Program service revenue (Part VIII, line 2g)	113,078,210	110,452,985
10	Investment income (Part VIII, column (A), lines 3, 4, and 7d)	359,965	668,911
11	Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)	1,394,077	1,453,196
12	Total revenue—add lines 8 through 11 (must equal Part VIII, column (A), line 12)	115,047,304	112,935,448
Expenses **13**	Grants and similar amounts paid (Part IX, column (A), lines 1–3)	48,371	117,214
14	Benefits paid to or for members (Part IX, column (A), line 4)	0	0
15	Salaries, other compensation, employee benefits (Part IX, column (A), lines 5–10)	58,993,747	61,834,688
16a	Professional fundraising fees (Part IX, column (A), line 11e)	0	0
b	Total fundraising expenses (Part IX, column (D), line 25) ▶0		
17	Other expenses (Part IX, column (A), lines 11a–11d, 11f–24e)	50,269,367	48,710,318
18	Total expenses Add lines 13–17 (must equal Part IX, column (A), line 25)	109,311,485	110,662,220
19	Revenue less expenses Subtract line 18 from line 12	5,735,819	2,273,228

		Beginning of Current Year	End of Year
Net Assets or Fund Balances **20**	Total assets (Part X, line 16)	105,644,990	107,397,263
21	Total liabilities (Part X, line 26)	42,297,322	40,865,595
22	Net assets or fund balances Subtract line 21 from line 20	63,347,668	66,531,668

Part II Signature Block

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge

Sign Here

****** | 2015-08-12
Signature of officer | Date

JAN BROSNAHAN CFO
Type or print name and title

Paid Preparer Use Only

Print/Type preparer's name	Preparer's signature	Date	Check ☐ if self-employed	PTIN
KIM HUNWARDSEN CPA		2015-08-11		P00484560

Firm's name ▶ EIDE BAILLY LLP — Firm's EIN ▶ 41-1765929

Firm's address ▶ 800 NICOLLET MALL STE 1300
MINNEAPOLIS, MN 554027033 — Phone no (612) 253-6500

May the IRS discuss this return with the preparer shown above? (see instructions) ☑ Yes ☐ No

Part III Statement of Program Service Accomplishments

Check if Schedule O contains a response or note to any line in this Part III . . . . . ☑

1 Briefly describe the organization's mission

DEVOTED TO IMPROVING THE HEALTH AND WELL-BEING OF OUR FAMILY, FRIENDS AND NEIGHBORS

2 Did the organization undertake any significant program services during the year which were not listed on the prior Form 990 or 990-EZ? . . . . . ☐ Yes ☑ No

If "Yes," describe these new services on Schedule O

3 Did the organization cease conducting, or make significant changes in how it conducts, any program services? . . . . . ☐ Yes ☑ No

If "Yes," describe these changes on Schedule O

4 Describe the organization's program service accomplishments for each of its three largest program services, as measured by expenses Section 501(c)(3) and 501(c)(4) organizations are required to report the amount of grants and allocations to others, the total expenses, and revenue, if any, for each program service reported

4a (Code) (Expenses $ 99,019,384 including grants of $ 117,214) (Revenue $ 111,906,181)

WINONA HEALTH SERVICES (WHS), A 99-BED HOSPITAL, HAS A 120-YEAR HISTORY OF PROVIDING CARE TO ITS COMMUNITY AND SERVICES FROM BIRTH TO DEATH IT IS THE SOLE COMMUNITY PROVIDER IN THE WINONA, MINNESOTA AREA IN FISCAL YEAR 2014, WHS HAD 2,136 ADMISSIONS, 342 BIRTHS, 3,288 INPATIENT AND OUTPATIENT SURGERIES, AND 15,489 VISITS TO THE EMERGENCY ROOM TO FULFILL ITS MISSION OF COMMUNITY SERVICE, THE CORPORATION PROVIDES CARE TO PATIENTS AND RESIDENTS WHO MEET CERTAIN CRITERIA UNDER ITS CHARITY CARE AND COMMUNITY BENEFIT POLICY WITHOUT CHARGE OR AT AMOUNTS LESS THAN ITS ESTABLISHED RATES BECAUSE THE CORPORATION DOES NOT PURSUE COLLECTION OF AMOUNTS DETERMINED TO QUALIFY AS CHARITY CARE, THEY ARE NOT REPORTED AS PATIENT AND RESIDENT SERVICE REVENUE CHARITY CARE WHS PROVIDES MEDICAL CARE TO THE COMMUNITY REGARDLESS OF AN INDIVIDUAL'S ABILITY TO PAY TOTAL CHARITY CARE COST WAS APPROXIMATELY $925,000 FOR FY 2014 IN FURTHERANCE OF ITS CHARITABLE PURPOSE, THE CORPORATION PROVIDES A WIDE VARIETY OF BENEFITS TO THE COMMUNITY THESE SERVICES AND DONATIONS ACCOUNT FOR A MEASURABLE PORTION OF THE CORPORATION'S COSTS AND SERVE TO PROMOTE HEALTHY LIFE STYLES, COMMUNITY DEVELOPMENT, HEALTH EDUCATION, AND AFFORDABLE ACCESS TO CARE THE CORPORATION MAINTAINS RECORDS TO IDENTIFY AND MONITOR THE LEVEL OF COMMUNITY BENEFIT SERVICES IT PROVIDES THOSE RECORDS INCLUDE MANAGEMENT'S ESTIMATE OF THE COST TO PROVIDE CHARITY CARE, THE COST OF SERVICES AND SUPPLIES FURNISHED FOR COMMUNITY BENEFIT PROGRAMS AND COSTS IN EXCESS OF PROGRAM PAYMENTS FOR TREATING MEDICAL ASSISTANCE PATIENTS IN ADDITION TO COMMUNITY BENEFIT COSTS, THE CORPORATION PROVIDES ADDITIONAL COMMUNITY CONTRIBUTIONS SUCH AS SERVICES TO MEDICARE AND MEDICAID PATIENTS BELOW THE COSTS FOR TREATMENT, OTHER UNCOMPENSATED CARE, DISCOUNTED PRICING TO THE UNINSURED, AND PAYS TAXES AND FEES

4b (Code) (Expenses $ including grants of $) (Revenue $)

4c (Code) (Expenses $ including grants of $) (Revenue $)

4d Other program services (Describe in Schedule O)
(Expenses $ including grants of $) (Revenue $)

4e **Total program service expenses** ▶ 99,019,384

Part IV Checklist of Required Schedules

			Yes	No
1	Is the organization described in section 501(c)(3) or 4947(a)(1) (other than a private foundation)? *If "Yes," complete Schedule A*	1	Yes	
2	Is the organization required to complete *Schedule B, Schedule of Contributors* (see instructions)?	2	Yes	
3	Did the organization engage in direct or indirect political campaign activities on behalf of or in opposition to candidates for public office? *If "Yes," complete Schedule C, Part I*	3		No
4	**Section 501(c)(3) organizations.** Did the organization engage in lobbying activities, or have a section 501(h) election in effect during the tax year? *If "Yes," complete Schedule C, Part II*	4		No
5	Is the organization a section 501(c)(4), 501(c)(5), or 501(c)(6) organization that receives membership dues, assessments, or similar amounts as defined in Revenue Procedure 98-19? *If "Yes," complete Schedule C, Part III*	5		No
6	Did the organization maintain any donor advised funds or any similar funds or accounts for which donors have the right to provide advice on the distribution or investment of amounts in such funds or accounts? *If "Yes," complete Schedule D, Part I*	6		No
7	Did the organization receive or hold a conservation easement, including easements to preserve open space, the environment, historic land areas, or historic structures? *If "Yes," complete Schedule D, Part II*	7		No
8	Did the organization maintain collections of works of art, historical treasures, or other similar assets? *If "Yes," complete Schedule D, Part III*	8		No
9	Did the organization report an amount in Part X, line 21 for escrow or custodial account liability, serve as a custodian for amounts not listed in Part X, or provide credit counseling, debt management, credit repair, or debt negotiation services? *If "Yes," complete Schedule D, Part IV*	9		No
10	Did the organization, directly or through a related organization, hold assets in temporarily restricted endowments, permanent endowments, or quasi-endowments? *If "Yes," complete Schedule D, Part V*	10		No
11	If the organization's answer to any of the following questions is "Yes," then complete Schedule D, Parts VI, VII, VIII, IX, or X as applicable			
a	Did the organization report an amount for land, buildings, and equipment in Part X, line 10? *If "Yes," complete Schedule D, Part VI.*	11a	Yes	
b	Did the organization report an amount for investments—other securities in Part X, line 12 that is 5% or more of its total assets reported in Part X, line 16? *If "Yes," complete Schedule D, Part VII*	11b		No
c	Did the organization report an amount for investments—program related in Part X, line 13 that is 5% or more of its total assets reported in Part X, line 16? *If "Yes," complete Schedule D, Part VIII*	11c		No
d	Did the organization report an amount for other assets in Part X, line 15 that is 5% or more of its total assets reported in Part X, line 16? *If "Yes," complete Schedule D, Part IX*	11d	Yes	
e	Did the organization report an amount for other liabilities in Part X, line 25? *If "Yes," complete Schedule D, Part X*	11e	Yes	
f	Did the organization's separate or consolidated financial statements for the tax year include a footnote that addresses the organization's liability for uncertain tax positions under FIN 48 (ASC 740)? *If "Yes," complete Schedule D, Part X*	11f	Yes	
12a	Did the organization obtain separate, independent audited financial statements for the tax year? *If "Yes," complete Schedule D, Parts XI and XII*	12a		No
b	Was the organization included in consolidated, independent audited financial statements for the tax year? *If "Yes," and if the organization answered "No" to line 12a, then completing Schedule D, Parts XI and XII is optional*	12b	Yes	
13	Is the organization a school described in section 170(b)(1)(A)(ii)? *If "Yes," complete Schedule E*	13		No
14a	Did the organization maintain an office, employees, or agents outside of the United States?	14a		No
b	Did the organization have aggregate revenues or expenses of more than $10,000 from grantmaking, fundraising, business, investment, and program service activities outside the United States, or aggregate foreign investments valued at $100,000 or more? *If "Yes," complete Schedule F, Parts I and IV*	14b		No
15	Did the organization report on Part IX, column (A), line 3, more than $5,000 of grants or other assistance to or for any foreign organization? *If "Yes," complete Schedule F, Parts II and IV*	15		No
16	Did the organization report on Part IX, column (A), line 3, more than $5,000 of aggregate grants or other assistance to or for foreign individuals? *If "Yes," complete Schedule F, Parts III and IV*	16		No
17	Did the organization report a total of more than $15,000 of expenses for professional fundraising services on Part IX, column (A), lines 6 and 11e? *If "Yes," complete Schedule G, Part I (see instructions)*	17		No
18	Did the organization report more than $15,000 total of fundraising event gross income and contributions on Part VIII, lines 1c and 8a? *If "Yes," complete Schedule G, Part II*	18		No
19	Did the organization report more than $15,000 of gross income from gaming activities on Part VIII, line 9a? *If "Yes," complete Schedule G, Part III*	19		No
20a	Did the organization operate one or more hospital facilities? *If "Yes," complete Schedule H*	20a	Yes	
b	If "Yes" to line 20a, did the organization attach a copy of its audited financial statements to this return?	20b	Yes	

Part IV Checklist of Required Schedules *(continued)*

21	Did the organization report more than $5,000 of grants or other assistance to any domestic organization or government on Part IX, column (A), line 1? *If "Yes," complete Schedule I, Parts I and II*	**21**	Yes	
22	Did the organization report more than $5,000 of grants or other assistance to individuals in the United States on Part IX, column (A), line 2? *If "Yes," complete Schedule I, Parts I and III*	**22**		No
23	Did the organization answer "Yes" to Part VII, Section A, line 3, 4, or 5 about compensation of the organization's current and former officers, directors, trustees, key employees, and highest compensated employees? *If "Yes," complete Schedule J*	**23**	Yes	
24a	Did the organization have a tax-exempt bond issue with an outstanding principal amount of more than $100,000 as of the last day of the year, that was issued after December 31, 2002? *If "Yes," answer lines 24b through 24d and complete Schedule K. If "No," go to line 25a*	**24a**	Yes	
b	Did the organization invest any proceeds of tax-exempt bonds beyond a temporary period exception?	**24b**		No
c	Did the organization maintain an escrow account other than a refunding escrow at any time during the year to defease any tax-exempt bonds?	**24c**		No
d	Did the organization act as an "on behalf of" issuer for bonds outstanding at any time during the year?	**24d**		No
25a	**Section 501(c)(3) and 501(c)(4) organizations.** Did the organization engage in an excess benefit transaction with a disqualified person during the year? *If "Yes," complete Schedule L, Part I*	**25a**		No
b	Is the organization aware that it engaged in an excess benefit transaction with a disqualified person in a prior year, and that the transaction has not been reported on any of the organization's prior Forms 990 or 990-EZ? *If "Yes," complete Schedule L, Part I*	**25b**		No
26	Did the organization report any amount on Part X, line 5, 6, or 22 for receivables from or payables to any current or former officers, directors, trustees, key employees, highest compensated employees, or disqualified persons? *If so, complete Schedule L, Part II*	**26**		No
27	Did the organization provide a grant or other assistance to an officer, director, trustee, key employee, substantial contributor or employee thereof, a grant selection committee member, or to a 35% controlled entity or family member of any of these persons? *If "Yes," complete Schedule L, Part III*	**27**		No
28	Was the organization a party to a business transaction with one of the following parties (see Schedule L, Part IV instructions for applicable filing thresholds, conditions, and exceptions)			
a	A current or former officer, director, trustee, or key employee? *If "Yes," complete Schedule L, Part IV*	**28a**		No
b	A family member of a current or former officer, director, trustee, or key employee? *If "Yes," complete Schedule L, Part IV*	**28b**	Yes	
c	An entity of which a current or former officer, director, trustee, or key employee (or a family member thereof) was an officer, director, trustee, or direct or indirect owner? *If "Yes," complete Schedule L, Part IV*	**28c**	Yes	
29	Did the organization receive more than $25,000 in non-cash contributions? *If "Yes," complete Schedule M*	**29**		No
30	Did the organization receive contributions of art, historical treasures, or other similar assets, or qualified conservation contributions? *If "Yes," complete Schedule M*	**30**		No
31	Did the organization liquidate, terminate, or dissolve and cease operations? *If "Yes," complete Schedule N, Part I*	**31**		No
32	Did the organization sell, exchange, dispose of, or transfer more than 25% of its net assets? *If "Yes," complete Schedule N, Part II*	**32**		No
33	Did the organization own 100% of an entity disregarded as separate from the organization under Regulations sections 301 7701-2 and 301 7701-3? *If "Yes," complete Schedule R, Part I*	**33**		No
34	Was the organization related to any tax-exempt or taxable entity? *If "Yes," complete Schedule R, Part II, III, or IV, and Part V, line 1*	**34**	Yes	
35a	Did the organization have a controlled entity within the meaning of section 512(b)(13)?	**35a**	Yes	
b	If 'Yes' to line 35a, did the organization receive any payment from or engage in any transaction with a controlled entity within the meaning of section 512(b)(13)? *If "Yes," complete Schedule R, Part V, line 2*	**35b**	Yes	
36	**Section 501(c)(3) organizations.** Did the organization make any transfers to an exempt non-charitable related organization? *If "Yes," complete Schedule R, Part V, line 2*	**36**		No
37	Did the organization conduct more than 5% of its activities through an entity that is not a related organization and that is treated as a partnership for federal income tax purposes? *If "Yes," complete Schedule R, Part VI*	**37**		No
38	Did the organization complete Schedule O and provide explanations in Schedule O for Part VI, lines 11b and 19? **Note.** All Form 990 filers are required to complete Schedule O	**38**	Yes	

Part V Statements Regarding Other IRS Filings and Tax Compliance

Check if Schedule O contains a response or note to any line in this Part V . . . . . ☐

				Yes	No
1a	Enter the number reported in Box 3 of Form 1096 Enter -0- if not applicable . .	1a	81		
b	Enter the number of Forms W-2G included in line 1a Enter -0- if not applicable	1b	0		
c	Did the organization comply with backup withholding rules for reportable payments to vendors and reportable gaming (gambling) winnings to prize winners?	1c		Yes	
2a	Enter the number of employees reported on Form W-3, Transmittal of Wage and Tax Statements, filed for the calendar year ending with or within the year covered by this return	2a	1,154		
b	If at least one is reported on line 2a, did the organization file all required federal employment tax returns? **Note.** If the sum of lines 1a and 2a is greater than 250, you may be required to e-file (see instructions)	2b		Yes	
3a	Did the organization have unrelated business gross income of $1,000 or more during the year? . . .	3a			No
b	If "Yes," has it filed a Form 990-T for this year? *If "No" to line 3b, provide an explanation in Schedule O* . . .	3b			
4a	At any time during the calendar year, did the organization have an interest in, or a signature or other authority over, a financial account in a foreign country (such as a bank account, securities account, or other financial account)?	4a			No
b	If "Yes," enter the name of the foreign country ▶ _____ See instructions for filing requirements for Form TD F 90-22 1, Report of Foreign Bank and Financial Accounts				
5a	Was the organization a party to a prohibited tax shelter transaction at any time during the tax year? . .	5a			No
b	Did any taxable party notify the organization that it was or is a party to a prohibited tax shelter transaction?	5b			No
c	If "Yes," to line 5a or 5b, did the organization file Form 8886-T?	5c			
6a	Does the organization have annual gross receipts that are normally greater than $100,000, and did the organization solicit any contributions that were not tax deductible as charitable contributions? . . .	6a			No
b	If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible?	6b			
7	**Organizations that may receive deductible contributions under section 170(c).**				
a	Did the organization receive a payment in excess of $75 made partly as a contribution and partly for goods and services provided to the payor?	7a			No
b	If "Yes," did the organization notify the donor of the value of the goods or services provided?	7b			
c	Did the organization sell, exchange, or otherwise dispose of tangible personal property for which it was required to file Form 8282?	7c			No
d	If "Yes," indicate the number of Forms 8282 filed during the year	7d			
e	Did the organization receive any funds, directly or indirectly, to pay premiums on a personal benefit contract?	7e			No
f	Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract? . .	7f			No
g	If the organization received a contribution of qualified intellectual property, did the organization file Form 8899 as required?	7g			
h	If the organization received a contribution of cars, boats, airplanes, or other vehicles, did the organization file a Form 1098-C?	7h			
8	**Sponsoring organizations maintaining donor advised funds and section 509(a)(3) supporting organizations.** Did the supporting organization, or a donor advised fund maintained by a sponsoring organization, have excess business holdings at any time during the year?	8			
9	**Sponsoring organizations maintaining donor advised funds.**				
a	Did the organization make any taxable distributions under section 4966?	9a			
b	Did the organization make a distribution to a donor, donor advisor, or related person?	9b			
10	**Section 501(c)(7) organizations.** Enter				
a	Initiation fees and capital contributions included on Part VIII, line 12 . . .	10a			
b	Gross receipts, included on Form 990, Part VIII, line 12, for public use of club facilities	10b			
11	**Section 501(c)(12) organizations.** Enter				
a	Gross income from members or shareholders	11a			
b	Gross income from other sources (Do not net amounts due or paid to other sources against amounts due or received from them)	11b			
12a	**Section 4947(a)(1) non-exempt charitable trusts.** Is the organization filing Form 990 in lieu of Form 1041?	12a			
b	If "Yes," enter the amount of tax-exempt interest received or accrued during the year	12b			
13	**Section 501(c)(29) qualified nonprofit health insurance issuers.**				
a	Is the organization licensed to issue qualified health plans in more than one state? **Note.** See the instructions for additional information the organization must report on Schedule O	13a			
b	Enter the amount of reserves the organization is required to maintain by the states in which the organization is licensed to issue qualified health plans	13b			
c	Enter the amount of reserves on hand	13c			
14a	Did the organization receive any payments for indoor tanning services during the tax year?	14a			No
b	If "Yes," has it filed a Form 720 to report these payments? *If "No," provide an explanation in Schedule O* . .	14b			

Part VI **Governance, Management, and Disclosure** *For each "Yes" response to lines 2 through 7b below, and for a "No" response to lines 8a, 8b, or 10b below, describe the circumstances, processes, or changes in Schedule O. See instructions.*

Check if Schedule O contains a response or note to any line in this Part VI . . . . . ☑

Section A. Governing Body and Management

				Yes	No
1a	Enter the number of voting members of the governing body at the end of the tax year	**1a**	17		
	If there are material differences in voting rights among members of the governing body, or if the governing body delegated broad authority to an executive committee or similar committee, explain in Schedule O				
b	Enter the number of voting members included in line 1a, above, who are independent	**1b**	8		
2	Did any officer, director, trustee, or key employee have a family relationship or a business relationship with any other officer, director, trustee, or key employee?	**2**		Yes	
3	Did the organization delegate control over management duties customarily performed by or under the direct supervision of officers, directors or trustees, or key employees to a management company or other person? .	**3**			No
4	Did the organization make any significant changes to its governing documents since the prior Form 990 was filed?	**4**			No
5	Did the organization become aware during the year of a significant diversion of the organization's assets? .	**5**			No
6	Did the organization have members or stockholders?	**6**			No
7a	Did the organization have members, stockholders, or other persons who had the power to elect or appoint one or more members of the governing body?	**7a**			No
b	Are any governance decisions of the organization reserved to (or subject to approval by) members, stockholders, or persons other than the governing body?	**7b**			No
8	Did the organization contemporaneously document the meetings held or written actions undertaken during the year by the following				
a	The governing body?	**8a**		Yes	
b	Each committee with authority to act on behalf of the governing body?	**8b**		Yes	
9	Is there any officer, director, trustee, or key employee listed in Part VII, Section A, who cannot be reached at the organization's mailing address? *If "Yes," provide the names and addresses in Schedule O*	**9**			No

Section B. Policies (*This Section B requests information about policies not required by the Internal Revenue Code.*)

			Yes	No
10a	Did the organization have local chapters, branches, or affiliates?	**10a**		No
b	If "Yes," did the organization have written policies and procedures governing the activities of such chapters, affiliates, and branches to ensure their operations are consistent with the organization's exempt purposes?	**10b**		
11a	Has the organization provided a complete copy of this Form 990 to all members of its governing body before filing the form?	**11a**		No
b	Describe in Schedule O the process, if any, used by the organization to review this Form 990			
12a	Did the organization have a written conflict of interest policy? *If "No," go to line 13*	**12a**	Yes	
b	Were officers, directors, or trustees, and key employees required to disclose annually interests that could give rise to conflicts?	**12b**	Yes	
c	Did the organization regularly and consistently monitor and enforce compliance with the policy? *If "Yes," describe in Schedule O how this was done*	**12c**	Yes	
13	Did the organization have a written whistleblower policy?	**13**	Yes	
14	Did the organization have a written document retention and destruction policy?	**14**	Yes	
15	Did the process for determining compensation of the following persons include a review and approval by independent persons, comparability data, and contemporaneous substantiation of the deliberation and decision?			
a	The organization's CEO, Executive Director, or top management official	**15a**	Yes	
b	Other officers or key employees of the organization	**15b**	Yes	
	If "Yes" to line 15a or 15b, describe the process in Schedule O (see instructions)			
16a	Did the organization invest in, contribute assets to, or participate in a joint venture or similar arrangement with a taxable entity during the year?	**16a**	Yes	
b	If "Yes," did the organization follow a written policy or procedure requiring the organization to evaluate its participation in joint venture arrangements under applicable federal tax law, and take steps to safeguard the organization's exempt status with respect to such arrangements?	**16b**		No

Section C. Disclosure

17 List the States with which a copy of this Form 990 is required to be filed ▶ MN

18 Section 6104 requires an organization to make its Form 1023 (or 1024 if applicable), 990, and 990-T (501(c)(3)s only) available for public inspection Indicate how you made these available Check all that apply

☐ Own website ☐ Another's website ☑ Upon request ☐ Other (explain in Schedule O)

19 Describe in Schedule O whether (and if so, how) the organization made its governing documents, conflict of interest policy, and financial statements available to the public during the tax year

20 State the name, physical address, and telephone number of the person who possesses the books and records of the organization

▶ JAN BROSNAHAN 855 MANKATO AVENUE
WINONA, MN 55987 (507) 454-3650

Part VII **Compensation of Officers, Directors,Trustees, Key Employees, Highest Compensated Employees, and Independent Contractors**

Check if Schedule O contains a response or note to any line in this Part VII . . . . . ☐

Section A. Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees

1a Complete this table for all persons required to be listed Report compensation for the calendar year ending with or within the organization's tax year

- List all of the organization's **current** officers, directors, trustees (whether individuals or organizations), regardless of amount of compensation Enter -0- in columns (D), (E), and (F) if no compensation was paid
- List all of the organization's **current** key employees, if any See instructions for definition of "key employee "
- List the organization's five **current** highest compensated employees (other than an officer, director, trustee or key employee) who received reportable compensation (Box 5 of Form W-2 and/or Box 7 of Form 1099-MISC) of more than $100,000 from the organization and any related organizations
- List all of the organization's **former** officers, key employees, or highest compensated employees who received more than $100,000 of reportable compensation from the organization and any related organizations
- List all of the organization's **former directors or trustees** that received, in the capacity as a former director or trustee of the organization, more than $10,000 of reportable compensation from the organization and any related organizations

List persons in the following order individual trustees or directors, institutional trustees, officers, key employees, highest compensated employees, and former such persons

☐ Check this box if neither the organization nor any related organization compensated any current officer, director, or trustee

(A) Name and Title	(B) Average hours per week (list any hours for related organizations below dotted line)	(C) Position (do not check more than one box, unless person is both an officer and a director/trustee)						(D) Reportable compensation from the organization (W- 2/1099-MISC)	(E) Reportable compensation from related organizations (W- 2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional Trustee	Officer	Key employee	Highest compensated employee	Former			
(1) KEN MOGREN CHAIR	3 00 2 00	X		X				0	0	0
(2) SCOTT BIESANZ DIRECTOR	3 00 2 00	X						0	0	0
(3) STEVE BLUE DIRECTOR	3 00 2 00	X						0	0	0
(4) SCOTT BIRDSALL MD DIRECTOR	40 00 2 00	X						342,140	0	56,128
(5) MATTHEW BROGHAMMER MD DIRECTOR	40 00 2 00	X						459,857	0	78,163
(6) VICKI DECKER DIRECTOR	3 00 2 00	X						0	0	0
(7) GARY EVANS DIRECTOR	3 00 2 00	X						0	0	0
(8) RICHARD FERRIS MD DIRECTOR	40 00 2 00	X						221,839	0	68,267
(9) JIM KILLIAN DIRECTOR	3 00 2 00	X						0	0	0
(10) HERB HIGHUM DIRECTOR	3 00 2 00	X						0	0	0
(11) RICK IGLESIAS DIRECTOR	3 00 2 00	X						0	0	0
(12) HUGH MILLER DIRECTOR	3 00 2 00	X						0	0	0
(13) KIM SCHWAB DIRECTOR	3 00 2 00	X						0	0	0
(14) DANIEL PARKER MD DIRECTOR	40 00 2 00	X						234,882	0	60,939
(15) MARK WAGNER DIRECTOR	3 00 2 00	X						0	0	0
(16) ROD BAKER DIRECTOR	3 00 2 00	X						0	0	0
(17) RACHELLE HEISING-SCHULTZ PRESIDENT/CEO/DIRECTOR	44 00 4 00	X		X				467,819	0	58,572

Part VII **Section A. Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees** *(continued)*

(A) Name and Title	(B) Average hours per week (list any hours for related organizations below dotted line)	(C) Position (do not check more than one box, unless person is both an officer and a director/trustee)						(D) Reportable compensation from the organization (W- 2/1099-MISC)	(E) Reportable compensation from related organizations (W- 2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional Trustee	Officer	Key employee	Highest compensated employee	Former			
(18) JAN BROSNAHAN CFO/TREASURER	44 00 2 00			X				52,090	0	19,286
(19) SARA GABRICK CNO	42 00 0 00				X			184,332	0	40,418
(20) BRETT WHYTE MD EMERGENCY PHYSICIAN	40 00 0 00				X			369,653	0	83,729
(21) EVERETT BEGUIN FAMILY PRACTICE PHYSICIAN	40 00 0 00				X			257,455	0	49,436
(22) KATRINA HAMMEL HOSPITALIST	40 00 0 00				X			278,827	0	52,214
(23) LEROY TROMBETTA MD GENERAL SURGEON	40 00 0 00					X		392,636	0	97,272
(24) AMARJIT VIRDI MD ANESTHESIOLOGIST	40 00 0 00					X		375,978	0	71,490
(25) WILLIAM KRUEGER RADIOLOGIST	40 00 0 00					X		522,081	0	96,690
(26) CARLOS MORALES EMERGENCY PHYSICIAN	40 00 0 00					X		370,453	0	59,381
(27) GIUSTINO ALBANESE RADIOLOGIST	40 00 0 00					X		497,854	0	75,658
(28) MICHAEL ALLEN FORMER CFO/TREASURER	0 00 0 00						X	325,389	0	32,477
1b **Sub-Total** . . . . . ▶										
c **Total from continuation sheets to Part VII, Section A** . . . . ▶										
d **Total (add lines 1b and 1c)** . . . . . ▶								5,353,285	0	1,000,120

2 Total number of individuals (including but not limited to those listed above) who received more than $100,000 of reportable compensation from the organization ▶ 71

			Yes	No
3	Did the organization list any **former** officer, director or trustee, key employee, or highest compensated employee on line 1a? *If "Yes," complete Schedule J for such individual*	**3**	Yes	
4	For any individual listed on line 1a, is the sum of reportable compensation and other compensation from the organization and related organizations greater than $150,000? *If "Yes," complete Schedule J for such individual*	**4**	Yes	
5	Did any person listed on line 1a receive or accrue compensation from any unrelated organization or individual for services rendered to the organization? *If "Yes," complete Schedule J for such person*	**5**		No

Section B. Independent Contractors

1 Complete this table for your five highest compensated independent contractors that received more than $100,000 of compensation from the organization Report compensation for the calendar year ending with or within the organization's tax year

(A) Name and business address	(B) Description of services	(C) Compensation
CERNER CORPORATION PO BOX 412702 KANSAS CITY MO 64141	IT SERVICES/CONTRACTED EMPLOYEES	9,280,667
SODEXO INC & AFFILIATES 4880 PAYSPHERE CIRCLE CHICAGO IL 60674	CONTRACTED EVS, FACILITIES, FOOD	1,445,612
WEATHERBY LOCUMS INC PO BOX 972633 DALLAS TX 75397	CONTRACTED PHYSICIANS	812,604
KISH ELECTRIC 1200 EAST 7TH STREET WINONA MN 55987	CONTRACTED ELECTRICAL	803,124
MAYO COLLABORATIVE SERVICE INC PO BOX 9146 MINNEAPOLIS MN 55480	CONTRACTED LABORATORY	776,569

2 Total number of independent contractors (including but not limited to those listed above) who received more than $100,000 of compensation from the organization ▶ 21

Part VIII Statement of Revenue

Check if Schedule O contains a response or note to any line in this Part VIII . . . . . ☐

				(A) Total revenue	(B) Related or exempt function revenue	(C) Unrelated business revenue	(D) Revenue excluded from tax under sections 512-514
Contributions, Gifts, Grants and Other Similar Amounts	1a	Federated campaigns . .	1a				
	b	Membership dues	1b				
	c	Fundraising events	1c				
	d	Related organizations . . .	1d	308,135			
	e	Government grants (contributions)	1e				
	f	All other contributions, gifts, grants, and similar amounts not included above	1f	52,221			
	g	Noncash contributions included in lines 1a-1f $		1,005			
	h	**Total.** Add lines 1a-1f . . . . . ▶		360,356			
Program Service Revenue			Business Code				
	2a	PATIENT SERVICE REVENUE	622110	96,354,417	96,354,417		
	b	PURCHASED SERVICE REVENUE	900099	11,143,452	11,143,452		
	c	SUPPORTING REVENUE	900099	2,955,116	2,955,116		
	d						
	e						
	f	All other program service revenue					
	g	**Total.** Add lines 2a–2f . . . . . ▶		110,452,985			
Other Revenue	3	Investment income (including dividends, interest, and other similar amounts) . . . . . ▶		259,187			259,187
	4	Income from investment of tax-exempt bond proceeds . . ▶					
	5	Royalties . . . . . ▶					
			(i) Real	(ii) Personal			
	6a	Gross rents					
	b	Less rental expenses					
	c	Rental income or (loss)					
	d	Net rental income or (loss) . . . . . ▶					
			(i) Securities	(ii) Other			
	7a	Gross amount from sales of assets other than inventory	421,898				
	b	Less cost or other basis and sales expenses	0	12,174			
	c	Gain or (loss)	421,898	-12,174			
	d	Net gain or (loss) . . . . . ▶			409,724		409,724
	8a	Gross income from fundraising events (not including $ _____ of contributions reported on line 1c) See Part IV, line 18 . . a					
	b	Less direct expenses . . . b					
	c	Net income or (loss) from fundraising events . . ▶					
	9a	Gross income from gaming activities See Part IV, line 19 . . . a					
	b	Less direct expenses . . . b					
	c	Net income or (loss) from gaming activities . . ▶					
	10a	Gross sales of inventory, less returns and allowances . a	7,165,406				
	b	Less cost of goods sold . . b	5,712,210				
	c	Net income or (loss) from sales of inventory . . ▶			1,453,196	1,453,196	
		Miscellaneous Revenue	Business Code				
	11a						
	b						
	c						
	d	All other revenue					
	e	**Total.** Add lines 11a–11d . . . . . ▶					
	12	**Total revenue.** See Instructions . . . . . ▶		112,935,448	111,906,181	0	668,911

Part IX Statement of Functional Expenses

Section 501(c)(3) and 501(c)(4) organizations must complete all columns All other organizations must complete column (A)

Check if Schedule O contains a response or note to any line in this Part IX . . . . . ☐

Do not include amounts reported on lines 6b, 7b, 8b, 9b, and 10b of Part VIII.	(A) Total expenses	(B) Program service expenses	(C) Management and general expenses	(D) Fundraising expenses
1 Grants and other assistance to governments and organizations in the United States See Part IV, line 21	117,214	117,214		
2 Grants and other assistance to individuals in the United States See Part IV, line 22				
3 Grants and other assistance to governments, organizations, and individuals outside the United States See Part IV, lines 15 and 16				
4 Benefits paid to or for members				
5 Compensation of current officers, directors, trustees, and key employees	3,371,280	2,003,618	1,367,662	
6 Compensation not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B)	105,388	105,388		
7 Other salaries and wages	45,426,495	43,288,134	2,138,361	
8 Pension plan accruals and contributions (include section 401(k) and 403(b) employer contributions)	1,418,787	1,393,267	25,520	
9 Other employee benefits	8,391,418	7,190,756	1,200,662	
10 Payroll taxes	3,121,320	2,905,942	215,378	
11 Fees for services (non-employees)				
a Management				
b Legal	49,720		49,720	
c Accounting	93,466		93,466	
d Lobbying				
e Professional fundraising services See Part IV, line 17				
f Investment management fees	40,496		40,496	
g Other (If line 11g amount exceeds 10% of line 25, column (A) amount, list line 11g expenses on Schedule O)	10,665,175	9,847,406	817,769	
12 Advertising and promotion	332,624	125,594	207,030	
13 Office expenses	4,610,287	3,801,644	808,643	
14 Information technology	2,837,363		2,837,363	
15 Royalties . .				
16 Occupancy	11,208,152	11,208,152		
17 Travel	617,709	536,362	81,347	
18 Payments of travel or entertainment expenses for any federal, state, or local public officials				
19 Conferences, conventions, and meetings	39,571	39,571		
20 Interest	1,411,891		1,411,891	
21 Payments to affiliates				
22 Depreciation, depletion, and amortization	4,320,706	3,973,178	347,528	
23 Insurance	883,013	883,013		
24 Other expenses Itemize expenses not covered above (List miscellaneous expenses in line 24e If line 24e amount exceeds 10% of line 25, column (A) amount, list line 24e expenses on Schedule O)				
a MEDICAL SUPPLIES	6,677,713	6,677,713		
b BAD DEBT EXPENSE	3,440,343	3,440,343		
c MN CARE TAX	1,319,334	1,319,334		
d				
e All other expenses	162,755	162,755		
25 **Total functional expenses.** Add lines 1 through 24e	110,662,220	99,019,384	11,642,836	0
26 **Joint costs.** Complete this line only if the organization reported in column (B) joint costs from a combined educational campaign and fundraising solicitation Check here ▶ ☐ if following SOP 98-2 (ASC 958-720)				

Part X Balance Sheet

Check if Schedule O contains a response or note to any line in this Part X . . . . . ☑

				(A) Beginning of year		(B) End of year
Assets	1	Cash–non-interest-bearing			1	
	2	Savings and temporary cash investments		23,671,201	2	17,774,645
	3	Pledges and grants receivable, net		538,852	3	1,289,001
	4	Accounts receivable, net		12,838,864	4	12,181,089
	5	Loans and other receivables from current and former officers, directors, trustees, key employees, and highest compensated employees Complete Part II of Schedule L			5	
	6	Loans and other receivables from other disqualified persons (as defined under section 4958(f)(1)), persons described in section 4958(c)(3)(B), and contributing employers and sponsoring organizations of section 501(c)(9) voluntary employees' beneficiary organizations (see instructions) Complete Part II of Schedule L			6	
	7	Notes and loans receivable, net			7	
	8	Inventories for sale or use		2,223,813	8	2,370,401
	9	Prepaid expenses and deferred charges		698,775	9	683,267
	10a	Land, buildings, and equipment cost or other basis Complete Part VI of Schedule D	10a 94,580,936			
	b	Less accumulated depreciation	10b 55,099,259	40,553,305	10c	39,481,677
	11	Investments—publicly traded securities		18,245,366	11	25,610,959
	12	Investments—other securities See Part IV, line 11		559,674	12	569,335
	13	Investments—program-related See Part IV, line 11			13	
	14	Intangible assets		2,014,538	14	2,014,538
	15	Other assets See Part IV, line 11		4,300,602	15	5,422,351
	16	**Total assets.** Add lines 1 through 15 (must equal line 34)		105,644,990	16	107,397,263
Liabilities	17	Accounts payable and accrued expenses		9,944,507	17	9,701,082
	18	Grants payable			18	
	19	Deferred revenue			19	
	20	Tax-exempt bond liabilities		30,623,237	20	30,467,876
	21	Escrow or custodial account liability Complete Part IV of Schedule D			21	
	22	Loans and other payables to current and former officers, directors, trustees, key employees, highest compensated employees, and disqualified persons Complete Part II of Schedule L			22	
	23	Secured mortgages and notes payable to unrelated third parties		327,044	23	
	24	Unsecured notes and loans payable to unrelated third parties			24	
	25	Other liabilities (including federal income tax, payables to related third parties, and other liabilities not included on lines 17-24) Complete Part X of Schedule D		1,402,534	25	696,637
	26	**Total liabilities.** Add lines 17 through 25		42,297,322	26	40,865,595
Net Assets or Fund Balances		**Organizations that follow SFAS 117 (ASC 958), check here ▶ ☑ and complete lines 27 through 29, and lines 33 and 34.**				
	27	Unrestricted net assets		63,347,668	27	66,531,668
	28	Temporarily restricted net assets			28	
	29	Permanently restricted net assets			29	
		Organizations that do not follow SFAS 117 (ASC 958), check here ▶ ☐ and complete lines 30 through 34.				
	30	Capital stock or trust principal, or current funds			30	
	31	Paid-in or capital surplus, or land, building or equipment fund			31	
	32	Retained earnings, endowment, accumulated income, or other funds			32	
	33	Total net assets or fund balances		63,347,668	33	66,531,668
	34	Total liabilities and net assets/fund balances		105,644,990	34	107,397,263

Part XI Reconcilliation of Net Assets

Check if Schedule O contains a response or note to any line in this Part XI . . . . . ☐

1	Total revenue (must equal Part VIII, column (A), line 12)	1	112,935,448
2	Total expenses (must equal Part IX, column (A), line 25)	2	110,662,220
3	Revenue less expenses Subtract line 2 from line 1	3	2,273,228
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A))	4	63,347,668
5	Net unrealized gains (losses) on investments	5	910,772
6	Donated services and use of facilities	6	
7	Investment expenses	7	
8	Prior period adjustments	8	
9	Other changes in net assets or fund balances (explain in Schedule O)	9	0
10	Net assets or fund balances at end of year Combine lines 3 through 9 (must equal Part X, line 33, column (B))	10	66,531,668

Part XII Financial Statements and Reporting

Check if Schedule O contains a response or note to any line in this Part XII . . . . . ☐

			Yes	No
1	Accounting method used to prepare the Form 990 ☐ Cash ☑ Accrual ☐ Other _____ If the organization changed its method of accounting from a prior year or checked "Other," explain in Schedule O			
2a	Were the organization's financial statements compiled or reviewed by an independent accountant?	2a		No
	If 'Yes,' check a box below to indicate whether the financial statements for the year were compiled or reviewed on a separate basis, consolidated basis, or both ☐ Separate basis ☐ Consolidated basis ☐ Both consolidated and separate basis			
b	Were the organization's financial statements audited by an independent accountant?	2b	Yes	
	If 'Yes,' check a box below to indicate whether the financial statements for the year were audited on a separate basis, consolidated basis, or both ☐ Separate basis ☑ Consolidated basis ☐ Both consolidated and separate basis			
c	If "Yes," to line 2a or 2b, does the organization have a committee that assumes responsibility for oversight of the audit, review, or compilation of its financial statements and selection of an independent accountant?	2c	Yes	
	If the organization changed either its oversight process or selection process during the tax year, explain in Schedule O			
3a	As a result of a federal award, was the organization required to undergo an audit or audits as set forth in the Single Audit Act and OMB Circular A-133?	3a	Yes	
b	If "Yes," did the organization undergo the required audit or audits? If the organization did not undergo the required audit or audits, explain why in Schedule O and describe any steps taken to undergo such audits	3b	Yes	

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SCHEDULE A (Form 990 or 990EZ)

Department of the Treasury
Internal Revenue Service

Public Charity Status and Public Support

Complete if the organization is a section 501(c)(3) organization or a section 4947(a)(1) nonexempt charitable trust.

▶ **Attach to Form 990 or Form 990-EZ.** ▶ **See separate instructions.**
▶ **Information about Schedule A (Form 990 or 990-EZ) and its instructions is at *www.irs.gov/form990*.**

OMB No 1545-0047

2013

Open to Public Inspection

Name of the organization
WINONA HEALTH SERVICES INC

Employer identification number
41-0713914

Part I Reason for Public Charity Status (All organizations must complete this part.) See instructions.

The organization is not a private foundation because it is (For lines 1 through 11, check only one box)

1 ☐ A church, convention of churches, or association of churches described in **section 170(b)(1)(A)(i).**

2 ☐ A school described in **section 170(b)(1)(A)(ii).** (Attach Schedule E)

3 ☑ A hospital or a cooperative hospital service organization described in **section 170(b)(1)(A)(iii).**

4 ☐ A medical research organization operated in conjunction with a hospital described in **section 170(b)(1)(A)(iii).** Enter the hospital's name, city, and state _____

5 ☐ An organization operated for the benefit of a college or university owned or operated by a governmental unit described in **section 170(b)(1)(A)(iv).** (Complete Part II)

6 ☐ A federal, state, or local government or governmental unit described in **section 170(b)(1)(A)(v).**

7 ☐ An organization that normally receives a substantial part of its support from a governmental unit or from the general public described in **section 170(b)(1)(A)(vi).** (Complete Part II)

8 ☐ A community trust described in **section 170(b)(1)(A)(vi)** (Complete Part II)

9 ☐ An organization that normally receives (1) more than 33 1/3% of its support from contributions, membership fees, and gross receipts from activities related to its exempt functions—subject to certain exceptions, and (2) no more than 33 1/3% of its support from gross investment income and unrelated business taxable income (less section 511 tax) from businesses acquired by the organization after June 30, 1975 See **section 509(a)(2).** (Complete Part III)

10 ☐ An organization organized and operated exclusively to test for public safety See **section 509(a)(4).**

11 ☐ An organization organized and operated exclusively for the benefit of, to perform the functions of, or to carry out the purposes of one or more publicly supported organizations described in section 509(a)(1) or section 509(a)(2) See **section 509(a)(3).** Check the box that describes the type of supporting organization and complete lines 11e through 11h

a ☐ Type I **b** ☐ Type II **c** ☐ Type III - Functionally integrated **d** ☐ Type III - Non-functionally integrated

e ☐ By checking this box, I certify that the organization is not controlled directly or indirectly by one or more disqualified persons other than foundation managers and other than one or more publicly supported organizations described in section 509(a)(1) or section 509(a)(2)

f If the organization received a written determination from the IRS that it is a Type I, Type II, or Type III supporting organization, check this box ☐

g Since August 17, 2006, has the organization accepted any gift or contribution from any of the following persons?

	Yes	No
(i) A person who directly or indirectly controls, either alone or together with persons described in (ii) and (iii) below, the governing body of the supported organization? **11g(i)**		
(ii) A family member of a person described in (i) above? **11g(ii)**		
(iii) A 35% controlled entity of a person described in (i) or (ii) above? **11g(iii)**		

h Provide the following information about the supported organization(s)

(i) Name of supported organization	**(ii)** EIN	**(iii)** Type of organization (described on lines 1- 9 above or IRC section **(see instructions))**	**(iv)** Is the organization in col **(i)** listed in your governing document?		**(v)** Did you notify the organization in col **(i)** of your support?		**(vi)** Is the organization in col **(i)** organized in the U S ?		**(vii)** Amount of monetary support
			Yes	**No**	**Yes**	**No**	**Yes**	**No**	
Total									

Part II **Support Schedule for Organizations Described in Sections 170(b)(1)(A)(iv) and 170(b)(1)(A)(vi)**
(Complete only if you checked the box on line 5, 7, or 8 of Part I or if the organization failed to qualify under Part III. If the organization fails to qualify under the tests listed below, please complete Part III.)

Section A. Public Support

Calendar year (or fiscal year beginning in) ▶	(a) 2009	(b) 2010	(c) 2011	(d) 2012	(e) 2013	(f) Total
1 Gifts, grants, contributions, and membership fees received (Do not include any "unusual grants ")						
2 Tax revenues levied for the organization's benefit and either paid to or expended on its behalf						
3 The value of services or facilities furnished by a governmental unit to the organization without charge						
4 **Total.** Add lines 1 through 3						
5 The portion of total contributions by each person (other than a governmental unit or publicly supported organization) included on line 1 that exceeds 2% of the amount shown on line 11, column (f)						
6 **Public support.** Subtract line 5 from line 4						

Section B. Total Support

Calendar year (or fiscal year beginning in) ▶	(a) 2009	(b) 2010	(c) 2011	(d) 2012	(e) 2013	(f) Total
7 Amounts from line 4						
8 Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources						
9 Net income from unrelated business activities, whether or not the business is regularly carried on						
10 Other income Do not include gain or loss from the sale of capital assets (Explain in Part IV)						
11 **Total support** (Add lines 7 through 10)						

12 Gross receipts from related activities, etc (see instructions) **12**

13 **First five years.** If the Form 990 is for the organization's first, second, third, fourth, or fifth tax year as a 501(c)(3) organization, check this box and **stop here** . . . . . ▶☐

Section C. Computation of Public Support Percentage

14 Public support percentage for 2013 (line 6, column (f) divided by line 11, column (f)) **14**

15 Public support percentage for 2012 Schedule A, Part II, line 14 **15**

16a **33 1/3% support test—2013.** If the organization did not check the box on line 13, and line 14 is 33 1/3% or more, check this box and **stop here.** The organization qualifies as a publicly supported organization ▶☐

b **33 1/3% support test—2012.** If the organization did not check a box on line 13 or 16a, and line 15 is 33 1/3% or more, check this box and **stop here.** The organization qualifies as a publicly supported organization ▶☐

17a **10%-facts-and-circumstances test—2013.** If the organization did not check a box on line 13, 16a, or 16b, and line 14 is 10% or more, and if the organization meets the "facts-and-circumstances" test, check this box and **stop here.** Explain in Part IV how the organization meets the "facts-and-circumstances" test The organization qualifies as a publicly supported organization ▶☐

b **10%-facts-and-circumstances test—2012.** If the organization did not check a box on line 13, 16a, 16b, or 17a, and line 15 is 10% or more, and if the organization meets the "facts-and-circumstances" test, check this box and **stop here.** Explain in Part IV how the organization meets the "facts-and-circumstances" test The organization qualifies as a publicly supported organization ▶☐

18 **Private foundation.** If the organization did not check a box on line 13, 16a, 16b, 17a, or 17b, check this box and see instructions ▶☐

Part III **Support Schedule for Organizations Described in Section 509(a)(2)**
(Complete only if you checked the box on line 9 of Part I or if the organization failed to qualify under Part II. If the organization fails to qualify under the tests listed below, please complete Part II.)

Section A. Public Support

Calendar year (or fiscal year beginning in) ▶	(a) 2009	(b) 2010	(c) 2011	(d) 2012	(e) 2013	(f) Total
1 Gifts, grants, contributions, and membership fees received (Do not include any "unusual grants ")						
2 Gross receipts from admissions, merchandise sold or services performed, or facilities furnished in any activity that is related to the organization's tax-exempt purpose						
3 Gross receipts from activities that are not an unrelated trade or business under section 513						
4 Tax revenues levied for the organization's benefit and either paid to or expended on its behalf						
5 The value of services or facilities furnished by a governmental unit to the organization without charge						
6 **Total.** Add lines 1 through 5						
7a Amounts included on lines 1, 2, and 3 received from disqualified persons						
b Amounts included on lines 2 and 3 received from other than disqualified persons that exceed the greater of $5,000 or 1% of the amount on line 13 for the year						
c Add lines 7a and 7b						
8 **Public support** (Subtract line 7c from line 6)						

Section B. Total Support

Calendar year (or fiscal year beginning in) ▶	(a) 2009	(b) 2010	(c) 2011	(d) 2012	(e) 2013	(f) Total
9 Amounts from line 6						
10a Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources						
b Unrelated business taxable income (less section 511 taxes) from businesses acquired after June 30, 1975						
c Add lines 10a and 10b						
11 Net income from unrelated business activities not included in line 10b, whether or not the business is regularly carried on						
12 Other income Do not include gain or loss from the sale of capital assets (Explain in Part IV)						
13 **Total support.** (Add lines 9, 10c, 11, and 12)						

14 **First five years.** If the Form 990 is for the organization's first, second, third, fourth, or fifth tax year as a 501(c)(3) organization, check this box and **stop here** ▶☐

Section C. Computation of Public Support Percentage

15	Public support percentage for 2013 (line 8, column (f) divided by line 13, column (f))	15	
16	Public support percentage from 2012 Schedule A, Part III, line 15	16	

Section D. Computation of Investment Income Percentage

17	Investment income percentage for **2013** (line 10c, column (f) divided by line 13, column (f))	17	
18	Investment income percentage from **2012** Schedule A, Part III, line 17	18	

19a **33 1/3% support tests—2013.** If the organization did not check the box on line 14, and line 15 is more than 33 1/3%, and line 17 is not more than 33 1/3%, check this box and **stop here.** The organization qualifies as a publicly supported organization ▶☐

b **33 1/3% support tests—2012.** If the organization did not check a box on line 14 or line 19a, and line 16 is more than 33 1/3% and line 18 is not more than 33 1/3%, check this box and **stop here.** The organization qualifies as a publicly supported organization ▶☐

20 **Private foundation.** If the organization did not check a box on line 14, 19a, or 19b, check this box and see instructions ▶☐

Part IV **Supplemental Information.** Provide the explanations required by Part II, line 10; Part II, line 17a or 17b; and Part III, line 12. Also complete this part for any additional information. (See instructions).

Facts And Circumstances Test		
Return Reference	Explanation	

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SCHEDULE D (Form 990)

Department of the Treasury
Internal Revenue Service

Supplemental Financial Statements

▶ Complete if the organization answered "Yes," to Form 990, Part IV, line 6, 7, 8, 9, 10, 11a, 11b, 11c, 11d, 11e, 11f, 12a, or 12b
▶ Attach to Form 990. ▶ See separate instructions. ▶ Information about Schedule D (Form 990) and its instructions is at *www.irs.gov/form990*.

OMB No 1545-0047

2013

Open to Public Inspection

Name of the organization
WINONA HEALTH SERVICES INC

Employer identification number
41-0713914

Part I Organizations Maintaining Donor Advised Funds or Other Similar Funds or Accounts. Complete if the organization answered "Yes" to Form 990, Part IV, line 6.

		(a) Donor advised funds	(b) Funds and other accounts
1	Total number at end of year		
2	Aggregate contributions to (during year)		
3	Aggregate grants from (during year)		
4	Aggregate value at end of year		

5 Did the organization inform all donors and donor advisors in writing that the assets held in donor advised funds are the organization's property, subject to the organization's exclusive legal control? ☐ Yes ☐ No

6 Did the organization inform all grantees, donors, and donor advisors in writing that grant funds can be used only for charitable purposes and not for the benefit of the donor or donor advisor, or for any other purpose conferring impermissible private benefit? ☐ Yes ☐ No

Part II Conservation Easements. Complete if the organization answered "Yes" to Form 990, Part IV, line 7.

1 Purpose(s) of conservation easements held by the organization (check all that apply)
☐ Preservation of land for public use (e g , recreation or education) ☐ Preservation of an historically important land area
☐ Protection of natural habitat ☐ Preservation of a certified historic structure
☐ Preservation of open space

2 Complete lines 2a through 2d if the organization held a qualified conservation contribution in the form of a conservation easement on the last day of the tax year

		Held at the End of the Year
a	Total number of conservation easements	2a
b	Total acreage restricted by conservation easements	2b
c	Number of conservation easements on a certified historic structure included in (a)	2c
d	Number of conservation easements included in (c) acquired after 8/17/06, and not on a historic structure listed in the National Register	2d

3 Number of conservation easements modified, transferred, released, extinguished, or terminated by the organization during the tax year ▶ _____

4 Number of states where property subject to conservation easement is located ▶ _____

5 Does the organization have a written policy regarding the periodic monitoring, inspection, handling of violations, and enforcement of the conservation easements it holds? ☐ Yes ☐ No

6 Staff and volunteer hours devoted to monitoring, inspecting, and enforcing conservation easements during the year ▶ _____

7 Amount of expenses incurred in monitoring, inspecting, and enforcing conservation easements during the year ▶ $ _____

8 Does each conservation easement reported on line 2(d) above satisfy the requirements of section 170(h)(4)(B)(i) and section 170(h)(4)(B)(ii)? ☐ Yes ☐ No

9 In Part XIII, describe how the organization reports conservation easements in its revenue and expense statement, and balance sheet, and include, if applicable, the text of the footnote to the organization's financial statements that describes the organization's accounting for conservation easements

Part III Organizations Maintaining Collections of Art, Historical Treasures, or Other Similar Assets. Complete if the organization answered "Yes" to Form 990, Part IV, line 8.

1a If the organization elected, as permitted under SFAS 116 (ASC 958), not to report in its revenue statement and balance sheet works of art, historical treasures, or other similar assets held for public exhibition, education, or research in furtherance of public service, provide, in Part XIII, the text of the footnote to its financial statements that describes these items

b If the organization elected, as permitted under SFAS 116 (ASC 958), to report in its revenue statement and balance sheet works of art, historical treasures, or other similar assets held for public exhibition, education, or research in furtherance of public service, provide the following amounts relating to these items

(i) Revenues included in Form 990, Part VIII, line 1 ▶ $ _____

(ii) Assets included in Form 990, Part X ▶ $ _____

2 If the organization received or held works of art, historical treasures, or other similar assets for financial gain, provide the following amounts required to be reported under SFAS 116 (ASC 958) relating to these items

a Revenues included in Form 990, Part VIII, line 1 ▶ $ _____

b Assets included in Form 990, Part X ▶ $ _____

Part III Organizations Maintaining Collections of Art, Historical Treasures, or Other Similar Assets *(continued)*

3 Using the organization's acquisition, accession, and other records, check any of the following that are a significant use of its collection items (check all that apply)

- a ☐ Public exhibition
- b ☐ Scholarly research
- c ☐ Preservation for future generations
- d ☐ Loan or exchange programs
- e ☐ Other

4 Provide a description of the organization's collections and explain how they further the organization's exempt purpose in Part XIII

5 During the year, did the organization solicit or receive donations of art, historical treasures or other similar assets to be sold to raise funds rather than to be maintained as part of the organization's collection? ☐ Yes ☐ No

Part IV Escrow and Custodial Arrangements. Complete if the organization answered "Yes" to Form 990, Part IV, line 9, or reported an amount on Form 990, Part X, line 21.

1a Is the organization an agent, trustee, custodian or other intermediary for contributions or other assets not included on Form 990, Part X? ☐ Yes ☐ No

b If "Yes," explain the arrangement in Part XIII and complete the following table

		Amount
c Beginning balance	1c	
d Additions during the year	1d	
e Distributions during the year	1e	
f Ending balance	1f	

2a Did the organization include an amount on Form 990, Part X, line 21? ☐ Yes ☐ No

b If "Yes," explain the arrangement in Part XIII Check here if the explanation has been provided in Part XIII . . . . . ☐

Part V Endowment Funds. Complete if the organization answered "Yes" to Form 990, Part IV, line 10.

	(a) Current year	(b) Prior year	(c) Two years back	(d) Three years back	(e) Four years back
1a Beginning of year balance					
b Contributions					
c Net investment earnings, gains, and losses					
d Grants or scholarships					
e Other expenditures for facilities and programs					
f Administrative expenses					
g End of year balance					

2 Provide the estimated percentage of the current year end balance (line 1g, column (a)) held as

- a Board designated or quasi-endowment ▶
- b Permanent endowment ▶
- c Temporarily restricted endowment ▶

The percentages in lines 2a, 2b, and 2c should equal 100%

3a Are there endowment funds not in the possession of the organization that are held and administered for the organization by

		Yes	No
(i) unrelated organizations	3a(i)		
(ii) related organizations	3a(ii)		
b If "Yes" to 3a(ii), are the related organizations listed as required on Schedule R?	3b		

4 Describe in Part XIII the intended uses of the organization's endowment funds

Part VI Land, Buildings, and Equipment. Complete if the organization answered 'Yes' to Form 990, Part IV, line 11a. See Form 990, Part X, line 10.

Description of property	(a) Cost or other basis (investment)	(b) Cost or other basis (other)	(c) Accumulated depreciation	(d) Book value
1a Land		4,141,674		4,141,674
b Buildings		52,381,840	27,659,084	24,722,756
c Leasehold improvements				
d Equipment		35,417,000	26,557,117	8,859,883
e Other		2,640,422	883,058	1,757,364
Total. Add lines 1a through 1e *(Column (d) must equal Form 990, Part X, column (B), line 10(c).)* ▶				39,481,677

Part VII **Investments—Other Securities.** Complete if the organization answered 'Yes' to Form 990, Part IV, line 11b. See Form 990, Part X, line 12.

(a) Description of security or category (including name of security)	(b) Book value	(c) Method of valuation Cost or end-of-year market value
(1) Financial derivatives		
(2) Closely-held equity interests		
Other		
Total. *(Column (b) must equal Form 990, Part X, col (B) line 12)* ▶		

Part VIII **Investments—Program Related.** Complete if the organization answered 'Yes' to Form 990, Part IV, line 11c. See Form 990, Part X, line 13.

(a) Description of investment	(b) Book value	(c) Method of valuation Cost or end-of-year market value
Total. *(Column (b) must equal Form 990, Part X, col (B) line 13)* ▶		

Part IX **Other Assets.** Complete if the organization answered 'Yes' to Form 990, Part IV, line 11d See Form 990, Part X, line 15

(a) Description	(b) Book value
(1) RECEIVABLE FROM AFFILIATED ORGANIZATIONS	5,027,635
(2) DEFERRED BOND ISSUE COSTS, NET	394,716
Total. *(Column (b) must equal Form 990, Part X, col.(B) line 15.)* . . . . . ▶	5,422,351

Part X **Other Liabilities.** Complete if the organization answered 'Yes' to Form 990, Part IV, line 11e or 11f. See Form 990, Part X, line 25.

1 (a) Description of liability	(b) Book value
Federal income taxes	
ESTIMATED THIRD PARTY PAYOR SETTLEMENTS	254,567
DUE TO AFFILIATED ORGANIZATIONS	442,070
Total. *(Column (b) must equal Form 990, Part X, col (B) line 25)* ▶	696,637

2. Liability for uncertain tax positions In Part XIII, provide the text of the footnote to the organization's financial statements that reports the organization's liability for uncertain tax positions under FIN 48 (ASC 740) Check here if the text of the footnote has been provided in Part XIII ☑

Part XI Reconciliation of Revenue per Audited Financial Statements With Revenue per Return Complete if the organization answered 'Yes' to Form 990, Part IV, line 12a.

1	Total revenue, gains, and other support per audited financial statements			1	
2	Amounts included on line 1 but not on Form 990, Part VIII, line 12				
a	Net unrealized gains on investments	2a			
b	Donated services and use of facilities	2b			
c	Recoveries of prior year grants	2c			
d	Other (Describe in Part XIII)	2d			
e	Add lines **2a** through **2d**			2e	
3	Subtract line **2e** from line **1**			3	
4	Amounts included on Form 990, Part VIII, line 12, but not on line **1**				
a	Investment expenses not included on Form 990, Part VIII, line 7b	4a			
b	Other (Describe in Part XIII)	4b			
c	Add lines **4a** and **4b**			4c	
5	Total revenue Add lines **3** and **4c.** (This must equal Form 990, Part I, line 12)			5	

Part XII Reconciliation of Expenses per Audited Financial Statements With Expenses per Return. Complete if the organization answered 'Yes' to Form 990, Part IV, line 12a.

1	Total expenses and losses per audited financial statements			1	
2	Amounts included on line 1 but not on Form 990, Part IX, line 25				
a	Donated services and use of facilities	2a			
b	Prior year adjustments	2b			
c	Other losses	2c			
d	Other (Describe in Part XIII)	2d			
e	Add lines **2a** through **2d**			2e	
3	Subtract line **2e** from line **1**			3	
4	Amounts included on Form 990, Part IX, line 25, but not on line **1:**				
a	Investment expenses not included on Form 990, Part VIII, line 7b	4a			
b	Other (Describe in Part XIII)	4b			
c	Add lines **4a** and **4b**			4c	
5	Total expenses Add lines **3** and **4c.** (This must equal Form 990, Part I, line 18)			5	

Part XIII Supplemental Information

Provide the descriptions required for Part II, lines 3, 5, and 9, Part III, lines 1a and 4, Part IV, lines 1b and 2b, Part V, line 4, Part X, line 2, Part XI, lines 2d and 4b, and Part XII, lines 2d and 4b Also complete this part to provide any additional information

Return Reference	Explanation
PART X, LINE 2	THE CORPORATION AND ITS CONSOLIDATED ENTITIES ARE ORGANIZED AS MINNESOTA NONPROFIT ENTITIES AND ARE ANNUALLY REQUIRED TO FILE A RETURN OF ORGANIZATION EXEMPT FROM INCOME TAX (FORM 990) WITH THE IRS IN ADDITION, ALL ENTITIES ARE SUBJECT TO INCOME TAX ON NET INCOME THAT IS DERIVED FROM BUSINESS ACTIVITIES THAT ARE UNRELATED TO THEIR EXEMPT PURPOSE THE CORPORATION FILES AN EXEMPT ORGANIZATION BUSINESS INCOME TAX RETURN (FORM 990T) WITH THE IRS TO REPORT ITS UNRELATED BUSINESS TAXABLE INCOME THE CORPORATION BELIEVES THAT IT HAS APPROPRIATE SUPPORT FOR ANY TAX POSITIONS TAKEN AFFECTING ITS ANNUAL FILING REQUIREMENTS, AND, AS SUCH, DOES NOT HAVE ANY UNCERTAIN TAX POSITIONS THAT ARE MATERIAL TO THE FINANCIAL STATEMENTS THE CORPORATION WOULD RECOGNIZE FUTURE ACCRUED INTEREST AND PENALTIES RELATED TO UNRECOGNIZED TAX BENEFITS AND LIABILITIES IN INCOME TAX EXPENSE, IF SUCH INTEREST AND PENALTIES ARE INCURRED THE CORPORATION'S FEDERAL FORM 990T FILINGS ARE NO LONGER SUBJECT TO FEDERAL TAX EXAMINATIONS BY TAX AUTHORITIES FOR YEARS BEFORE SEPTEMBER 30, 2011

Part XIII Supplemental Information *(continued)*

Return Reference	Explanation

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SCHEDULE H (Form 990)

Department of the Treasury
Internal Revenue Service

Hospitals

▶ Complete if the organization answered "Yes" to Form 990, Part IV, question 20.
▶ Attach to Form 990. ▶ See separate instructions.
▶ Information about Schedule H (Form 990) and its instructions is at *www.irs.gov/form990.*

OMB No 1545-0047

2013

Open to Public Inspection

Name of the organization
WINONA HEALTH SERVICES INC

Employer identification number
41-0713914

Part I Financial Assistance and Certain Other Community Benefits at Cost

			Yes	No
1a	Did the organization have a financial assistance policy during the tax year? If "No," skip to question 6a	1a	Yes	
b	If "Yes," was it a written policy?	1b	Yes	
2	If the organization had multiple hospital facilities, indicate which of the following best describes application of the financial assistance policy to its various hospital facilities during the tax year			
	☑ Applied uniformly to all hospital facilities ☐ Applied uniformly to most hospital facilities ☐ Generally tailored to individual hospital facilities			
3	Answer the following based on the financial assistance eligibility criteria that applied to the largest number of the organization's patients during the tax year			
a	Did the organization use Federal Poverty Guidelines (FPG) as a factor in determining eligibility for providing *free* care? If "Yes," indicate which of the following was the FPG family income limit for eligibility for *free* care	3a	Yes	
	☐ 100% ☐ 150% ☑ 200% ☐ Other _____ %			
b	Did the organization use FPG as a factor in determining eligibility for providing *discounted* care? If "Yes," indicate which of the following was the family income limit for eligibility for discounted care	3b	Yes	
	☐ 200% ☐ 250% ☐ 300% ☐ 350% ☑ 400% ☐ Other _____ %			
c	If the organization used factors other than FPG in determining eligibility, describe in Part VI the income based criteria for determining eligibility for free or discounted care Include in the description whether the organization used an asset test or other threshold, regardless of income, as a factor in determining eligibility for free or discounted care			
4	Did the organization's financial assistance policy that applied to the largest number of its patients during the tax year provide for free or discounted care to the "medically indigent"?	4		No
5a	Did the organization budget amounts for free or discounted care provided under its financial assistance policy during the tax year?	5a	Yes	
b	If "Yes," did the organization's financial assistance expenses exceed the budgeted amount?	5b		No
c	If "Yes" to line 5b, as a result of budget considerations, was the organization unable to provide free or discounted care to a patient who was eligibile for free or discounted care?	5c		
6a	Did the organization prepare a community benefit report during the tax year?	6a	Yes	
b	If "Yes," did the organization make it available to the public?	6b	Yes	
	Complete the following table using the worksheets provided in the Schedule H instructions Do not submit these worksheets with the Schedule H			

7 Financial Assistance and Certain Other Community Benefits at Cost

Financial Assistance and Means-Tested Government Programs	(a) Number of activities or programs (optional)	(b) Persons served (optional)	(c) Total community benefit expense	(d) Direct offsetting revenue	(e) Net community benefit expense	(f) Percent of total expense
a Financial Assistance at cost (from Worksheet 1)		612	925,000		925,000	0 860 %
b Medicaid (from Worksheet 3, column a)			19,971,315	13,314,233	6,657,082	6 210 %
c Costs of other means-tested government programs (from Worksheet 3, column b)						
d **Total** Financial Assistance and Means-Tested Government Programs		612	20,896,315	13,314,233	7,582,082	7 070 %
Other Benefits						
e Community health improvement services and community benefit operations (from Worksheet 4)		7,848	151,245	6,070	145,175	0 140 %
f Health professions education (from Worksheet 5)		2,255	409,263		409,263	0 380 %
g Subsidized health services (from Worksheet 6)		300	19,380,968	19,066,081	314,887	0 290 %
h Research (from Worksheet 7)						
i Cash and in-kind contributions for community benefit (from Worksheet 8)		8,447	75,786		75,786	0 070 %
j **Total.** Other Benefits		18,850	20,017,262	19,072,151	945,111	0 880 %
k **Total.** Add lines 7d and 7j		19,462	40,913,577	32,386,384	8,527,193	7 950 %

Part II Community Building Activities Complete this if the organization conducted any community building activities during the tax year, and describe in Part VI how its community building activities promoted the health of the communities it serves.

	(a) Number of activities or programs (optional)	(b) Persons served (optional)	(c) Total community building expense	(d) Direct offsetting revenue	(e) Net community building expense	(f) Percent of total expense
1 Physical improvements and housing						
2 Economic development						
3 Community support		164	1,991		1,991	0 %
4 Environmental improvements						
5 Leadership development and training for community members						
6 Coalition building		290	11,995		11,995	0 010 %
7 Community health improvement advocacy						
8 Workforce development		52	192		192	0 %
9 Other						
10 **Total**		506	14,178		14,178	0 010 %

Part III Bad Debt, Medicare, & Collection Practices

Section A. Bad Debt Expense

				Yes	No
1	Did the organization report bad debt expense in accordance with Heathcare Financial Management Association Statement No 15?		1		No
2	Enter the amount of the organization's bad debt expense Explain in Part VI the methodology used by the organization to estimate this amount	2	3,440,343		
3	Enter the estimated amount of the organization's bad debt expense attributable to patients eligible under the organization's financial assistance policy Explain in Part VI the methodology used by the organization to estimate this amount and the rationale, if any, for including this portion of bad debt as community benefit	3	798,402		
4	Provide in Part VI the text of the footnote to the organization's financial statements that describes bad debt expense or the page number on which this footnote is contained in the attached financial statements				

Section B. Medicare

5	Enter total revenue received from Medicare (including DSH and IME)	5	17,724,563		
6	Enter Medicare allowable costs of care relating to payments on line 5	6	20,117,862		
7	Subtract line 6 from line 5 This is the surplus (or shortfall)	7	-2,393,299		
8	Describe in Part VI the extent to which any shortfall reported in line 7 should be treated as community benefit Also describe in Part VI the costing methodology or source used to determine the amount reported on line 6 Check the box that describes the method used				

☐ Cost accounting system ☐ Cost to charge ratio ☑ Other

Section C. Collection Practices

9a	Did the organization have a written debt collection policy during the tax year?		9a	Yes	
b	If "Yes," did the organization's collection policy that applied to the largest number of its patients during the tax year contain provisions on the collection practices to be followed for patients who are known to qualify for financial assistance? Describe in Part VI		9b	Yes	

Part IV Management Companies and Joint Ventures (owned 10% or more by officers, directors, trustees, key employees, and physicians—see instructions)

	(a) Name of entity	(b) Description of primary activity of entity	(c) Organization's profit % or stock ownership %	(d) Officers, directors, trustees, or key employees' profit % or stock ownership %	(e) Physicians' profit % or stock ownership %
1	1 WINONA AREA AMBULANCE SERVICES	AMBULANCE SERVICES	50 000 %	50 000 %	
2					
3					
4					
5					
6					
7					
8					
9					
10					
11					
12					
13					

Part V Facility Information

Section A. Hospital Facilities

(list in order of size from largest to smallest—see instructions)
How many hospital facilities did the organization operate during the tax year? 1

	Name, address, primary website address, and state license number	Licensed hospital	General medical & surgical	Children's hospital	Teaching hospital	Critical access hospital	Research facility	ER-24 hours	ER-other	Other (Describe)	Facility reporting group
	See Additional Data Table										

Part V Facility Information *(continued)*

Section B. Facility Policies and Practices

(Complete a separate Section B for each of the hospital facilities or facility reporting groups listed in Part V, Section A)

Name of hospital facility or facility reporting group WINONA HEALTH SERVICES

If reporting on Part V, Section B for a single hospital facility only: line number of hospital facility (from Schedule H, Part V, Section A) 1

			Yes	No
Community Health Needs Assessment (Lines 1 through 8c are optional for tax years beginning on or before March 23, 2012)				
1	During the tax year or either of the two immediately preceding tax years, did the hospital facility conduct a community health needs assessment (CHNA)? If "No," skip to line 9	**1**	Yes	
	If "Yes," indicate what the CHNA report describes (check all that apply)			
a	☑ A definition of the community served by the hospital facility			
b	☑ Demographics of the community			
c	☑ Existing health care facilities and resources within the community that are available to respond to the health needs of the community			
d	☑ How data was obtained			
e	☑ The health needs of the community			
f	☑ Primary and chronic disease needs and other health issues of uninsured persons, low-income persons, and minority groups			
g	☑ The process for identifying and prioritizing community health needs and services to meet the community health needs			
h	☑ The process for consulting with persons representing the community's interests			
i	☑ Information gaps that limit the hospital facility's ability to assess the community's health needs			
j	☐ Other (describe in Part VI)			
2	Indicate the tax year the hospital facility last conducted a CHNA 20 12			
3	In conducting its most recent CHNA, did the hospital facility take into account input from persons who represent the broad interests of the community served by the hospital facility, including those with special knowledge of or expertise in public health? If "Yes," describe in Part VI how the hospital facility took into account input from persons who represent the community, and identify the persons the hospital facility consulted	**3**	Yes	
4	Was the hospital facility's CHNA conducted with one or more other hospital facilities? If "Yes," list the other hospital facilities in Part VI	**4**		No
5	Did the hospital facility make its CHNA report widely available to the public?	**5**	Yes	
	If "Yes," indicate how the CHNA report was made widely available (check all that apply)			
a	☑ Hospital facility's website (list url) SEE STATEMENT ON PAGE 7 OF SCHEDULE H			
b	☐ Other website (list url)			
c	☑ Available upon request from the hospital facility			
d	☐ Other (describe in Part VI)			
6	If the hospital facility addressed needs identified in its most recently conducted CHNA, indicate how (check all that apply as of the end of the tax year)			
a	☑ Adoption of an implementation strategy that addresses each of the community health needs identified through the CHNA			
b	☑ Execution of the implementation strategy			
c	☑ Participation in the development of a community-wide plan			
d	☑ Participation in the execution of a community-wide plan			
e	☑ Inclusion of a community benefit section in operational plans			
f	☐ Adoption of a budget for provision of services that address the needs identified in the CHNA			
g	☑ Prioritization of health needs in its community			
h	☑ Prioritization of services that the hospital facility will undertake to meet health needs in its community			
i	☑ Other (describe in Part VI)			
7	Did the hospital facility address all of the needs identified in its most recently conducted CHNA? If "No," explain in Part VI which needs it has not addressed and the reasons why it has not addressed such needs	**7**		No
8a	Did the organization incur an excise tax under section 4959 for the hospital facility's failure to conduct a CHNA as required by section 501(r)(3)?	**8a**		No
b	If "Yes" to line 8a, did the organization file Form 4720 to report the section 4959 excise tax?	**8b**		
c	If "Yes" to line 8b, what is the total amount of section 4959 excise tax the organization reported on Form 4720 for all of its hospital facilities? $			

Part V Facility Information *(continued)*

Financial Assistance Policy		Yes	No
9 Did the hospital facility have in place during the tax year a written financial assistance policy that Explained eligibility criteria for financial assistance, and whether such assistance includes free or discounted care?	**9**	Yes	
10 Used federal poverty guidelines (FPG) to determine eligibility for providing *free* care?	**10**	Yes	
If "Yes," indicate the FPG family income limit for eligibility for free care 200 000000000000% If "No," explain in Part VI the criteria the hospital facility used			
11 Used FPG to determine eligibility for providing *discounted* care?	**11**	Yes	
If "Yes," indicate the FPG family income limit for eligibility for discounted care 400 000000000000% If "No," explain in Part VI the criteria the hospital facility used			
12 Explained the basis for calculating amounts charged to patients?	**12**	Yes	
If "Yes," indicate the factors used in determining such amounts (check all that apply)			
a ☑ Income level			
b ☑ Asset level			
c ☐ Medical indigency			
d ☑ Insurance status			
e ☑ Uninsured discount			
f ☐ Medicaid/Medicare			
g ☐ State regulation			
h ☐ Residency			
i ☐ Other (describe in Part VI)			
13 Explained the method for applying for financial assistance?	**13**	Yes	
14 Included measures to publicize the policy within the community served by the hospital facility?	**14**	Yes	
If "Yes," indicate how the hospital facility publicized the policy (check all that apply)			
a ☑ The policy was posted on the hospital facility's website			
b ☐ The policy was attached to billing invoices			
c ☑ The policy was posted in the hospital facility's emergency rooms or waiting rooms			
d ☑ The policy was posted in the hospital facility's admissions offices			
e ☑ The policy was provided, in writing, to patients on admission to the hospital facility			
f ☑ The policy was available upon request			
g ☐ Other (describe in Part VI)			
Billing and Collections			
15 Did the hospital facility have in place during the tax year a separate billing and collections policy, or a written financial assistance policy (FAP) that explained actions the hospital facility may take upon non-payment?	**15**	Yes	
16 Check all of the following actions against an individual that were permitted under the hospital facility's policies during the tax year before making reasonable efforts to determine the individual's eligibility under the facility's FAP			
a ☐ Reporting to credit agency			
b ☐ Lawsuits			
c ☐ Liens on residences			
d ☐ Body attachments			
e ☐ Other similar actions (describe in Section C)			
17 Did the hospital facility or an authorized third party perform any of the following actions during the tax year before making reasonable efforts to determine the individual's eligibility under the facility's FAP?	**17**		No
If "Yes," check all actions in which the hospital facility or a third party engaged			
a ☐ Reporting to credit agency			
b ☐ Lawsuits			
c ☐ Liens on residences			
d ☐ Body attachments			
e ☐ Other similar actions (describe in Section C)			

Part V Facility Information *(continued)*

18 Indicate which efforts the hospital facility made before initiating any of the actions listed in line 17 (check all that apply)

- **a** ☐ Notified individuals of the financial assistance policy on admission
- **b** ☑ Notified individuals of the financial assistance policy prior to discharge
- **c** ☑ Notified individuals of the financial assistance policy in communications with the individuals regarding the individuals' bills
- **d** ☑ Documented its determination of whether individuals were eligible for financial assistance under the hospital facility's financial assistance policy
- **e** ☐ Other (describe in Section C)

Policy Relating to Emergency Medical Care

		Yes	No
19 Did the hospital facility have in place during the tax year a written policy relating to emergency medical care that requires the hospital facility to provide, without discrimination, care for emergency medical conditions to individuals regardless of their eligibility under the hospital facility's financial assistance policy?	**19**	Yes	
If "No," indicate why			
a ☐ The hospital facility did not provide care for any emergency medical conditions			
b ☐ The hospital facility's policy was not in writing			
c ☐ The hospital facility limited who was eligible to receive care for emergency medical conditions (describe in Part VI)			
d ☐ Other (describe in Part VI)			

Charges to Individuals Eligible for Assistance under the FAP (FAP-Eligible Individuals)

20 Indicate how the hospital facility determined, during the tax year, the maximum amounts that can be charged to FAP-eligible individuals for emergency or other medically necessary care			
a ☑ The hospital facility used its lowest negotiated commercial insurance rate when calculating the maximum amounts that can be charged			
b ☐ The hospital facility used the average of its three lowest negotiated commercial insurance rates when calculating the maximum amounts that can be charged			
c ☐ The hospital facility used the Medicare rates when calculating the maximum amounts that can be charged			
d ☐ Other (describe in Part VI)			
21 During the tax year, did the hospital facility charge any FAP-eligible individual to whom the hospital facility provided emergency or other medically necessary services more than the amounts generally billed to individuals who had insurance covering such care?	**21**		No
If "Yes," explain in Part VI			
22 During the tax year, did the hospital facility charge any FAP-eligible individual an amount equal to the gross charge for any service provided to that individual?	**22**		No
If "Yes," explain in Part VI			

Part V Facility Information *(continued)*

Section C. Supplemental Information for Part V, Section B. Provide descriptions required for Part V, Section B, lines 1j, 3, 4, 5d, 6i, 7, 10, 11, 12i, 14g, 16e, 17e, 18e, 19c, 19d, 20d, 21, and 22. If applicable, provide separate descriptions for each facility in a facility reporting group, designated by "Facility A," "Facility B," etc.

Form and Line Reference	Explanation
See Additional Data Table	

Part V Facility Information *(continued)*

Section D. Other Health Care Facilities That Are Not Licensed, Registered, or Similarly Recognized as a Hospital Facility
(list in order of size, from largest to smallest)

How many non-hospital health care facilities did the organization operate during the tax year? 6

	Name and address	Type of Facility (describe)
1	LAKE WINONA MANOR 865 MANKATO AVENUE WINONA,MN 55987	SKILLED NURSING
2	WATKINS MANOR 175 E WABASHA STREET WINONA,MN 55987	ASSISTED LIVING
3	ADITH MILLER MANOR 885 MANKATO AVENUE WINONA,MN 55987	MEMORY CARE ASSISTED LIVING
4	ROGER METZ MANOR 875 MANKATO AVENUE WINONA,MN 55987	MEMORY CARE ASSISTED LIVING
5	RUSHFORD CLINIC 109 W JESSIE ST RUSHFORD,MN 55971	PRIMARY CARE CLINIC
6	WINONA HEALTH URGENT CARE CLINIC 420 EAST SARNIA WINONA,MN 55987	URGENT CARE CLINIC
7		
8		
9		
10		

Part VI Supplemental Information

Provide the following information

1 **Required descriptions.** Provide the descriptions required for Part I, lines 3c, 6a, and 7, Part II and Part III, lines 2, 3, 4, 8 and 9b

2 **Needs assessment.** Describe how the organization assesses the health care needs of the communities it serves, in addition to any CHNAs reported in Part V, Section B

3 **Patient education of eligibility for assistance.** Describe how the organization informs and educates patients and persons who may be billed for patient care about their eligibility for assistance under federal, state, or local government programs or under the organization's financial assistance policy

4 **Community information.** Describe the community the organization serves, taking into account the geographic area and demographic constituents it serves

5 **Promotion of community health.** Provide any other information important to describing how the organization's hospital facilities or other health care facilities further its exempt purpose by promoting the health of the community (e g , open medical staff, community board, use of surplus funds, etc)

6 **Affiliated health care system.** If the organization is part of an affiliated health care system, describe the respective roles of the organization and its affiliates in promoting the health of the communities served

7 **State filing of community benefit report.** If applicable, identify all states with which the organization, or a related organization, files a community benefit report

Form and Line Reference	Explanation
PART I, LINE 6A	THE COMMUNITY BENEFIT REPORT IS INCLUDED IN THE ANNUAL REPORT AND SENT TO 28,000 HOUSEHOLDS COMMUNITY BENEFIT INFORMATION IS LISTED IN QUARTERLY NEWSLETTERS AND ON THE WEBSITE INFORMATION IS ALSO INCLUDED IN THE WAITING ROOMS

Form and Line Reference	Explanation
PART I, LINE 7	CHARITY CARE EXPENSE WAS CONVERTED TO COST ON LINE 7A BASED ON AN OVERALL COST-TO-CHARGE RATIO ADDRESSING ALL PATIENT SEGMENTS UNREIMBURSED MEDICAID ON LINE 7B WAS CALCULATED USING THE COSTING METHODS TO PREPARE THE COST REPORTS COMMUNITY HEALTH IMPROVEMENT SERVICES, LINE 7E, HEALTH PROFESSIONS EDUCATION, LINE 7F, AND CASH AND IN-KIND DONATIONS, LINE 7K WERE ACTUAL EXPENSES COMPILED USING THE CBISA SOFTWARE THE COST FOR SUBSIDIZED HEALTH SERVICES REPORTED ON LINE 7G WAS DETERMINED USING THE MEDICARE COST REPORT

Form and Line Reference	Explanation
PART I, LN 7 COL(F)	THE AMOUNT OF BAD DEBT EXPENSE REMOVED FROM TOTAL EXPENSES TO DETERMINE THE PERCENTAGE WAS $3,440,343

Form and Line Reference	Explanation
PART II, COMMUNITY BUILDING ACTIVITIES	COMMUNITY BUILDING ACTIVITIES ALLOW WINONA HEALTH SERVICES TO BETTER ASSIST THE COMMUNITY IT SERVES THROUGH BETTER PATIENT ACCESS, IMPROVING QUALITY OF CARE, AND ASSISTING THOSE VULNERABLE POPULATIONS IN A WAY THAT MAKES THEIR LIVELIHOOD A LITTLE EASIER AMONG OTHER THINGS THESE ACTIVITIES ALSO ALLOW THE COMMUNITY AND STAFF TO BE BETTER PREPARED IF A DISASTER OR EMERGENCY WERE TO STRIKE THESE ACTIVITIES ALLOW WINONA HEALTH SERVICES TO BE AS PREPARED AS POSSIBLE TO BEST ASSIST THE COMMUNITY WE SERVE PROGRAMS LIKE HEALTHY KIDS CLUB INVOLVE SEVERAL COMMUNITY PARTNERS TO ADDRESS THIS HEALTH ISSUE IN OUR COMMUNITY, WITHOUT PUTTING THE FOCUS SPECIFICALLY ON WEIGHT LOSS HEALTHY KIDS CLUB IS A FREE, FUN, COMMUNITY-WIDE PROGRAM DESIGNED TO ENCOURAGE CHILDREN AGES 5 TO 12 TO LIVE HEALTHY - FROM MAKING HEALTHFUL FOOD CHOICES TO MAINTAINING ACTIVE LIFESTYLES AREA SCHOOLS AND NINE AREA NONPROFIT ORGANIZATIONS SUCH AS THE FAMILY YMCA, WINONA COUNTY PARKS AND RECREATION AND WINONA STATE UNIVERSITY ARE STRONG COMMUNITY PARTNERS INVOLVEMENT WITH LOCAL SCHOOLS THROUGH CAREER EXPLORATION AND TOURS OF OUR ORGANIZATION PROMOTES THE IMPORTANCE OF HEALTHCARE AND SERVING OUR COMMUNITY WE EXIST TO CARE FOR THOSE WHO NEED US AND SHARE THIS MESSAGE WITH STUDENTS THINKING OF ENTERING THE HEALTHCARE FIELD OUR STAFF WORKED CLOSELY WITH WINONA WORKFORCE CENTER TO HELP TRAIN THEIR CLIENTS AND SUPERVISE THEM IN VARIOUS JOBS COMMUNITY OUTREACH IS SOMETHING ENCOURAGED FOR ALL STAFF BECAUSE IT'S NOT ONLY THE RIGHT THING TO DO, BUT IT IS PART OF OUR MISSION AS WELL

Form and Line Reference	Explanation
PART III, LINE 4	BAD DEBT EXPENSE IS REPORTED AT CHARGES AS RECORDED BY THE ORGANIZATION WHS DETERMINES BAD DEBT EXPENSE BY ESTIMATING WHAT MAY NOT BE COLLECTIBLE FROM PATIENT BALANCES AFTER TAKING INTO ACCOUNT APPROPRIATE DISCOUNTS AND PAYMENTS (UNINSURED DISCOUNT, ELIGIBLE CHARITY CARE DISCOUNTS/ADJUSTMENTS, AND PAYMENTS RECEIVED AND EXPECTED TO BE RECEIVED) PAYMENTS ON ACCOUNTS THAT WERE WRITTEN OFF AS BAD DEBT REDUCES BAD DEBT EXPENSE IN THE CURRENT YEAR WHS IS ESTIMATING THAT 40% OF BAD DEBT ACCOUNTS WOULD LIKELY QUALIFY FOR THE ORGANIZATION'S CHARITY CARE GUIDELINES IF THE PATIENT WOULD HAVE BEEN IDENTIFIED AND FOLLOWED THROUGH ON THE APPLICATION PROCESS THIS PERCENTAGE IS BASED ON HISTORICAL KNOWLEDGE ON THOSE BEING PROVIDED APPLICATIONS AND THOSE ACTUALLY COMPLETING THE APPLICATIONS TO QUALIFY THE FOOTNOTE TO THE ORGANIZATION'S FINANCIAL STATEMENTS THAT DESCRIBES BAD DEBT EXPENSES IS LOCATED IN FOOTNOTE 1 ON PAGE 8 OF THE ATTACHED FINANCIAL STATEMENTS

Form and Line Reference	Explanation
PART III, LINE 8	WHS PROVIDES SERVICES TO PATIENTS UNDER THE MEDICARE PROGRAM KNOWING THEY WILL NOT RECOVER ALL THE COSTS ASSOCIATED WITH PROVIDING THESE SERVICES PROVIDING THESE SERVICES IS ESSENTIAL TO THESE PATIENTS AND THE COMMUNITY AND INCREASES THEIR ACCESS TO HEALTHCARE SERVICES THEREFORE, THE ENTIRE MEDICARE SHORTFALL IS CONSIDERED A COMMUNITY BENEFIT THE ORGANIZATION REPORTED ONLY THOSE ALLOWABLE COSTS AND MEDICARE REIMBURSEMENTS REPORTED IN THE MEDICARE COST REPORT FOR THE YEAR TOTAL REVENUE RECEIVED FROM MEDICARE IS THE GROSS REIMBURSEMENT PLUS SETTLEMENT BOTH TOTAL REVENUE RECEIVED FROM MEDICARE AND THE MEDICARE ALLOWABLE COSTS ARE REPORTED FROM THE MEDICARE COST REPORT THE MEDICARE COST REPORT IS COMPLETED BASED ON THE RULES AND REGULATIONS SET FORTH BY CENTERS FOR MEDICARE AND MEDICAID SERVICES

Form and Line Reference	Explanation
PART III, LINE 9B	IN KEEPING WITH THE MISSION, VISION AND VALUES OF WINONA HEALTH SERVICES, OUR ORGANIZATION IS COMMITTED TO GIVING A PATIENT EVERY OPPORTUNITY TO PAY THEIR MEDICAL DEBT IN FULL OR TO MAKE ARRANGEMENTS BASED ON ORGANIZATIONAL POLICY WHEN A PATIENT IS IN THE PROCESS OF APPLYING FOR FINANCIAL ASSISTANCE, WHETHER CHARITY CARE OR AN INTEREST FREE PAYMENT PLAN, THERE WILL BE NO COLLECTION EFFORTS COLLECTION EFFORTS INCLUDE PHONE CONTACTS, LETTERS, PATIENT INTERVIEWS AND FILING A JUDGEMENT AGAINST THE PATIENT AND POTENTIAL GARNISHMENT OF WAGES AFTER A DETERMINATION OF FINANCIAL ASSISTANCE, ANY PERSONAL PORTION DUE FOLLOWS THE SAME COLLECTION PROCEDURES AS OTHER ACCOUNTS

Form and Line Reference	Explanation
PART VI, LINE 2	WINONA HEALTH SERVICES (WHS) USES A VARIETY OF METHODS TO LISTEN TO ITS CUSTOMERS, AND THE METHODOLOGIES VARY BY CUSTOMER GROUPS THE DEVELOPMENT OF MOST MAJOR SERVICES INCLUDES THE MEETING OF A COMMUNITY ADVISORY GROUP TO ASSESS OPERATIONS AND PLANS AND PROVIDE RECOMMENDATIONS TO THE LEADERSHIP TEAM WHS ALSO USES POINT OF CARE FEEDBACK COMMENT CARDS, FOCUS GROUPS, ADVISORY COMMITTEES COMPRISED OF COMMUNITY INDIVIDUALS, AND WEB AND CONSUMER NEWSLETTER SURVEYS TO CAPTURE FEEDBACK FROM PATIENTS/RESIDENTS AND COMMUNITY IMMEDIATE FEEDBACK IS OBTAINED FROM PATIENTS/RESIDENTS AND COMMUNITY THROUGH PRE- AND POST-SERVICE CALLS, ROUNDING, AND INFORMAL SURVEYS WHS ALSO WORKS WITH LOCAL NON-PROFIT ORGANIZATIONS GATHERING FEEDBACK FROM LOCAL AGENCIES AND THEIR BOARDS TO ENSURE COMMUNITY NEEDS ARE BEING MET WHS AND WINONA COUNTY PUBLIC HEALTH BEGAN WORKING ON THE COMMUNITY HEALTH NEEDS ASSESSMENT IN LATE FY 2012 AND THE REPORT WAS PUBLISHED DURING FY 2013 THE ENTIRE REPORT IS AVAILABLE ON THE WINONA HEALTH WEBSITE

Form and Line Reference	Explanation
PART VI, LINE 3	WHS PLACES PAMPHLETS THAT CONTAIN INFORMATION ABOUT OUR CHARITY CARE PROGRAMS AND POLICIES THROUGHOUT THE ORGANIZATION, INCLUDING ALL PATIENT ACCESS AREAS IN ADDITION, INFORMATION CAN BE FOUND ON OUR WEBSITE OR BY CALLING THE WHS BUSINESS OFFICE EITHER LOCALLY OR TOLL-FREE WHS ALSO SENDS OUT A COVER LETTER WITH ALL FIRST TIME SELF-PAY STATEMENTS WHICH EXPLAINS OPTIONS FOR CHARITY CARE, GOVERNMENT PROGRAM ASSISTANCE, AND OUR UNINSURED DISCOUNT PROGRAM IN ADDITION, THE WHS SOCIAL SERVICES DEPARTMENT AND/OR A CONTRACTED PATIENT ADVOCATE MAY MEET WITH IN-HOUSE OR RECENTLY DISCHARGED PATIENTS TO GO OVER ALL THE PAYMENT OPTIONS WHICH INCLUDE CHARITY CARE, GOVERNMENTAL PROGRAMS, OR OTHER ALTERNATIVE PAYMENT OPTIONS WHS WORKS WITH THE COUNTY TO HELP INITIATE A SCREENING PROCESS FOR APPLYING FOR GOVERNMENTAL PROGRAMS BY OFFERING THE PATIENTS AN OPPORTUNITY TO LOCK IN AN EFFECTIVE DATE FOR THOSE PROGRAMS IF SUBSEQUENTLY FOUND ELIGIBLE WHS ALSO IS CONTRACTED WITH MNSURE AND HAS CERTIFIED APPLICATION COUNSELORS ONSITE TO ASSIST PATIENTS IN APPLYING FOR INSURANCE COVERAGE THROUGH THE STATE RUN EXCHANGE

Form and Line Reference	Explanation
PART VI, LINE 4	WHS DEFINES ITS PRIMARY SERVICE AREA AS THE ZIP CODE OF WINONA AND THE IMMEDIATE SURROUNDING AREA WITH A POPULATION BASE OF APPROXIMATELY 35,000 RESIDENTS ITS SECONDARY SERVICE AREA ENCOMPASSES A 20-MILE RADIUS FROM WINONA REPRESENTING ANOTHER 12,000 RESIDENTS WHS IS LOCATED BETWEEN TWO LARGE, WELL-KNOWN TERTIARY HEALTH CARE CENTERS, MAYO AND GUNDERSEN LUTHERAN WHS HAS FOCUSED ON FULFILLING ITS COMMUNITY NEED A FULL PRIMARY CARE FACILITY WHS DEFINES ITSELF AS A PRIMARY CARE HEALTH SYSTEM AND PROVIDES ITS PATIENTS AND RESIDENTS CONNECTIONS TO TERTIARY LEVEL SERVICES TO MEET THEIR NEEDS REGIONALLY OR NATIONALLY, AS THE PATIENT CHOOSES IN 2010, WINONA HAD A MEDIAN HOUSEHOLD INCOME OF $36,296 AND 22 3% OF PERSONS WERE BELOW THE POVERTY LEVEL THE MAJORITY OF OUR PATIENTS LIVE IN WINONA WHICH HAS A POPULATION OF OVER 27,000 PEOPLE APPROXIMATELY 20% OF OUR PATIENTS ARE UNINSURED AND/OR MEDICAID RECIPIENTS

Form and Line Reference	Explanation
PART VI, LINE 5	WHS OFFERS EMERGENCY AND URGENT CARE, PRIMARY CARE FOR ALL AGES, SURGICAL AND SPECIALTY CA RE, INPATIENT CARE, AND SENIOR SERVICES OUR BOARD IS COMPRISED OF PHYSICIANS AND PRIMARIL Y COMMUNITY MEMBERS THE BOARD AND MEDICAL STAFF ARE INVOLVED IN OUR STRATEGIC PLANNING WH ICH FOCUSES ON THE HEALTH OF OUR COMMUNITY MEMBERS TO MEET THE NEEDS OF OUR COMMUNITY, TH E HOSPITAL EXTENDS PRIVILEGES TO MEDICAL STAFF THAT ARE QUALIFIED THROUGH LICENSURE IN THE STATE OF MINNESOTA WE ARE INVOLVED IN SEVERAL ON-SITE AND OFF-SITE HEALTH FAIRS OFFERING FREE BLOOD PRESSURE CHECKS, GLUCOSE SCREENINGS AND STAFF EXPERTISE ON HEALTH QUESTIONS W E ALSO PROVIDE FREE COMMUNITY HEALTH TALKS FOR COMMUNITY MEMBERS ON CERTAIN HEALTH TOPICS EXCESS FUNDS ARE REINVESTED AND USED FOR PATIENT CARE AND FACILITY UPGRADES ADDITIONAL PR OGRAMS THAT BENEFIT THE COMMUNITY INCLUDE HEALTH PROFESSIONAL TRAINING WINONA HEALTH SERV ICES WORKS CLOSELY WITH NURSE AND HEALTH PROFESSIONAL EDUCATION PROGRAMS AT WINONA STATE U NIVERSITY, ST MARY'S UNIVERSITY AND SOUTHEAST TECHNICAL COLLEGE ALONG WITH TRAINING LPNS AND RNS ON SITE, OTHER STUDENTS GOING INTO FIELDS OF ATHLETIC TRAINING, SOCIAL WORK, NUTR ITION, LAB, RADIOLOGY, PHYSICAL THERAPY AND BIO MED ARE ALSO EDUCATED AND MENTORED ON SITE APPROXIMATELY 1,890 STUDENTS WORK WITH STAFF IN THE FOLLOWING DEPARTMENTS MEDICAL/SURGI CAL/PEDIATRIC UNIT, FAMILY BIRTH CENTER, INTENSIVE CARE UNIT, EMERGENCY DEPARTMENT, LAB, R ADIOLOGY, SOCIAL WORKERS, PHYSICAL AND OCCUPATIONAL THERAPY AND BIO MED PREVENTIVE CARE W HS ENCOURAGES PREVENTIVE CARE THROUGH A NUMBER OF RESOURCES WINONA HEALTH ONLINE IS A FRE E WEB-TOOL THAT ALLOWS PATIENTS TO HAVE ACCESS TO THEIR WINONA HEALTH SERVICES RECORDS ANY TIME, ANYWHERE WITH AN INTERNET CONNECTION PATIENTS CAN DOCUMENT THEIR HEALTH HISTORY, AC CESS DIABETES AND ASTHMA MANAGEMENT PROGRAMS, RECEIVE LAB TEST RESULTS, AND TRACK WELLNESS ACTIVITIES WINONA HEALTH SERVICES OFFERS A NUMBER OF EDUCATIONAL OPPORTUNITIES FOR THE C OMMUNITY, FROM CPR CLASSES TO FREE OR LOW-COST SCREENINGS INCLUDING PROSTATE CANCER, CHOLE STEROL, DEPRESSION, AND MAMMOGRAMS WHS IS THE MAIN SPONSOR FOR A COMMUNITY-WIDE DIABETES EXPO COMMUNITY HEALTH TALKS PROVIDE INDIVIDUALS WITH EDUCATIONAL INFORMATION ON A VARIETY OF HEALTH TOPICS AND ARE FREE THROUGHOUT THE YEAR THE WINONA HEALTH SERVICES OCCUPATIONA L HEALTH DEPARTMENT PRESENTS VARIOUS PREVENTIVE PROGRAMS GEARED TOWARD BUSINESS LEADERS AN D HR PROFESSIONALS THE DEPARTMENT TEAMS UP WITH PHYSICIANS AND LOCAL EXPERTS TO PROVIDE I NFORMATION ON A WIDE VARIETY OF BUSINESS-RELATED TOPICS SUCH AS DRUG USE IN THE WORK PLACE , ERGONOMICS, WORKER'S COMPENSATION AND MORE THESE ARE FREE AND WELL-ATTENDED THE STAFF ALSO PARTICIPATES IN MANY COMMUNITY COLLABORATIVE HEALTHCARE EVENTS EMPLOYEE HEALTH THE H EALTHY U PROGRAM IS A HEALTH MANAGEMENT INCENTIVE INITIATIVE DESIGNED TO SUPPORT AND ENCOU RAGE HEALTHY ACTIVITIES FOR OUR EMPLOYEES AND FAMILIES THE PROGRAM REINFORCES THE EMPHASI S ON PREVENTION, AIMING TO IMPROVE THEIR HEALTH AND WELL-BEING WELLNESS EVALUATIONS BY A CERTIFIED HEALTH ADVISOR ARE OFFERED FREE TO STAFF EMPLOYEES CAN EARN CREDITS TIED TO COM PLETION OF PREDETERMINED ACTIVITIES SPECIFIC TO THEIR HEALTH GOALS WHICH COULD RESULT IN A N UP TO $600 SAVINGS IN HEALTH PLAN PREMIUMS IN ITS SEVENTH YEAR, HEALTHY KIDS CLUB IS A COMMUNITY-WIDE PROGRAM FOR CHILDREN 5-12 AND FOCUSES ON TEACHING CHILDREN THE IMPORTANCE O F HEALTH AND WELLNESS AT AN EARLY AGE COLLABORATING WITH OTHER ORGANIZATIONS IN THE COMMU NITY, THE PROGRAM IS FREE AND HAS SERVICED OVER 4,100 CHILDREN AND FAMILIES, PROVIDED OVER 4,500 HEALTHY SNACKS SINCE ITS OFFICIAL INCEPTION IN 2007 WHS HAS SPENT OVER $125,000 ON THIS ACTIVITY SINCE 1996 AREA SCHOOLS AND NINE AREA NONPROFIT ORGANIZATIONS SUCH AS THE FAMILY YMCA, WINONA COUNTY PARKS AND RECREATION AND WINONA STATE UNIVERSITY ARE STRONG COM MUNITY PARTNERS EMERGENCY CARE WHS PROVIDES 24-HOUR-A-DAY, 365-DAYS-PER-YEAR EMERGENCY C ARE TO THE COMMUNITY IT EMPLOYS SEVEN FULL-TIME PHYSICIANS AND SEVERAL MID-LEVEL PROVIDER S AS THE SERVICE CONTINUES TO GROW WINONA HEALTH SERVICES HAS EXCELLENT RELATIONS WITH NE IGHBORING TERTIARY FACILITIES AND TRANSPORTS PATIENTS AS NEEDED TO LA CROSSE AND ROCHESTER COMMUNITY RELATIONS WHS WORKS WITH AREA NONPROFIT ORGANIZATIONS TO SUPPORT HEALTH AND YO UTH-RELATED ACTIVITIES IN FY 2014, STAFF SPOKE TO 2,697 INDIVIDUALS THROUGH OUR OUTREACH SPEAKER'S BUREAU IN ADDITION, WHS STAFF DELIVERED OVER 480 MEALS-ON-WHEELS TO COMMUNITY M EMBERS THROUGH A LOCAL MEAL DELIVERY PROGRAM STAFF MEMBERS ARE ALSO INVOLVED IN SEVERAL N ON-PROFIT COMMITTEES, DONATING THEIR TIME TO SUPPORT OUR COMMUNITY COMMUNITY EDUCATION W HS'S COMMUNITY EDUCATION PROGRAMMING INCLUDES FREE OR REDUCED-FEE CLASSES ON CHILDBIRTH AN D PARENTING, SUPPORT GROUPS FOR BREASTFEEDING, CARDIO-PULMONARY RESUSCITATION, DIABETES PR EVENTION, FIRST AID, AND SMOKING CESSATION IN FY 2014, WHS SERVED 1,040 INDIVIDUALS THROU GH THESE CLASSES STAFF AT LOCAL HEALTH FAIRS SERV

Form and Line Reference	Explanation
PART VI, LINE 5	ED 844 INDIVIDUALS, OFTEN OFFERING FREE BLOOD SUGAR AND BLOOD PRESSURE SCREENINGS VOLUNTE ERS FROM THE WH AUXILIARY OFFER FREE HEALTHCARE DIRECTIVES EDUCATIONAL SESSIONS THROUGHOUT THE YEAR

Form and Line Reference	Explanation
PART VI, LINE 7, REPORTS FILED WITH STATES	MN

Additional Data

Software ID:
Software Version:
EIN: 41-0713914
Name: WINONA HEALTH SERVICES INC

990 Schedule H, Supplemental Information

Section C. Supplemental Information for Part V, Section B. Provide descriptions required for Part V, Section B, lines 1j, 3, 4, 5d, 6i, 7, 10, 11, 12i, 14g, 16e, 17e, 18e, 19c, 19d, 20d, 21, and 22. If applicable, provide separate descriptions for each facility in a facility reporting group, designated by "Facility A," "Facility B," etc.

Form and Line Reference	Explanation
WINONA HEALTH SERVICES	
WINONA HEALTH SERVICES	PART V, SECTION B, LINE 5D THE COMMUNITY HEALTH NEEDS ASSESSMENT IS AVAILABLE ON THE ORGA NIZATION'S WEBSITE AT HTTP //WWW WINONAHEALTH ORG/2014/01/15/WINONA-HEALTH-COMPLETES-COMM UNITY
WINONA HEALTH SERVICES	PART V, SECTION B, LINE 6I THE IMPLEMENTATION STRATEGY IS AVAILABLE ON THE ORGANIZATION'S WEBSITE HTTP //WWW WINONAHEALTH ORG/2014/01/15/WINONA-HEALTH-COMPLETES-COMMUNITY
WINONA HEALTH SERVICES	PART V, SECTION B, LINE 7 BINGE DRINKING WAS IDENTIFIED AS A NEED IN THE AREA THIS WILL NOT BE ADDRESSED AS IT WAS DETERMINED TO BE A LOW PRIORITY ISSUE AND THE ORGANIZATION DOES NOT HAVE THE RESOURCES/BUDGET TO LOOK AT THIS ISSUE AT THE PRESENT TIME

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Schedule I (Form 990)

Department of the Treasury
Internal Revenue Service

Grants and Other Assistance to Organizations, Governments and Individuals in the United States

Complete if the organization answered "Yes," to Form 990, Part IV, line 21 or 22.

▶ **Attach to Form 990**

▶ **Information about Schedule I (Form 990) and its instructions is at *www.irs.gov/form990*.**

OMB No 1545-0047

2013

Open to Public Inspection

Name of the organization
WINONA HEALTH SERVICES INC

Employer identification number
41-0713914

Part I General Information on Grants and Assistance

1 Does the organization maintain records to substantiate the amount of the grants or assistance, the grantees' eligibility for the grants or assistance, and the selection criteria used to award the grants or assistance? . . . . ☑ Yes ☐ No

2 Describe in Part IV the organization's procedures for monitoring the use of grant funds in the United States

Part II Grants and Other Assistance to Governments and Organizations in the United States.

Complete if the organization answered "Yes" to Form 990, Part IV, line 21, for any recipient that received more than $5,000. Part II can be duplicated if additional space is needed.

(a) Name and address of organization or government	(b) EIN	(c) IRC Code section if applicable	(d) Amount of cash grant	(e) Amount of non-cash assistance	(f) Method of valuation (book, FMV, appraisal, other)	(g) Description of non-cash assistance	(h) Purpose of grant or assistance
(1) WINONA HEALTH FOUNDATION 855 MANKATO AVENUE WINONA, MN 55987	41-1879744	501(C)(3)	89,541				DONATION TO LIVE WELL WINONA FUND

2 Enter total number of section 501(c)(3) and government organizations listed in the line 1 table . . . . ▶ 1

3 Enter total number of other organizations listed in the line 1 table . . . . ▶ 0

Part III **Grants and Other Assistance to Individuals in the United States.** Complete if the organization answered "Yes" to Form 990, Part IV, line 22. Part III can be duplicated if additional space is needed.

(a) Type of grant or assistance	(b) Number of recipients	(c) Amount of cash grant	(d) Amount of non-cash assistance	(e) Method of valuation (book, FMV, appraisal, other)	(f) Description of non-cash assistance

Part IV **Supplemental Information.** Provide the information required in Part I, line 2, Part III, column (b), and any other additional information.

Return Reference	Explanation
PART I, LINE 2	WINONA HEALTH SERVICES WILL REVIEW SOLICITATIONS FROM OTHER LEGALLY RECOGNIZED, TAX-EXEMPT NONPROFIT ORGANIZATIONS WHOSE WORK BENEFITS THE COMMUNITY BASED ON THE FOLLOWING A THE REQUEST ADDRESSES A COMMUNITY HEALTH OR WELLNESS ISSUE B THE REQUEST BENEFITS AREA YOUTH IN THE AREAS OF HEALTH AND WELLNESS C THE REQUEST SUPPORTS A PROJECT DIRECTLY BENEFITING THE COMMUNITY AND ALIGNED WITH WINONA HEALTH SERVICES' MISSIONS/VISION/VALUES D THE REQUEST SUPPORTS KEY WINONA HEALTH SERVICES BUSINESS AND MARKETING STRATEGIES E PRIORITY WILL BE GIVEN TO LOCAL NONPROFIT ORGANIZATIONS F TYPICALLY, ONLY ONE REQUEST WILL BE AWARDED TO A NONPROFIT IN A GIVEN YEAR ALL DONATION REQUESTS WILL BE DIRECTED TO THE MARKETING COMMUNICATIONS DEPARTMENT FOR PROCESSING A STAFF WILL REVIEW THE REQUEST BASED ON THE ABOVE CRITERIA AND BUDGET PARAMETERS, WITH KEY DONATION DETERMINED YEARLY DURING THE BUDGETING PROCESS B THE FOLLOWING PROCESSES WILL BE USED TO REVIEW DONATION REQUESTS 1 STAFF MAY PROCESS ALL DONATIONS APPROVED DURING THE BUDGETING PROCESS AND THOSE THAT MEET THE CRITERIA AND ARE LESS THAN $500 WITHOUT ADDITIONAL APPROVAL 2 REQUESTS MEETING THE CRITERIA AND BETWEEN $500-$1,000 OR THOSE REQUESTS THAT REQUIRE FURTHER REVIEW SHOULD BE DISCUSSED WITH THE PRESIDENT/CEO BEFORE RECEIVING APPROVAL 3 DONATION REQUESTS ABOVE $1,000 OR REQUESTS FOR MULTI-YEAR FUNDING SHOULD GO TO THE BOARD OF DIRECTOR'S PR/MARKETING COMMITTEE FOR REVIEW AND APPROVAL

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Schedule J (Form 990)

Department of the Treasury
Internal Revenue Service

Compensation Information

For certain Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees

▶ **Complete if the organization answered "Yes" to Form 990, Part IV, line 23.**
▶ **Attach to Form 990.** ▶ **See separate instructions.**
▶ **Information about Schedule J (Form 990) and its instructions is at *www.irs.gov/form990*.**

OMB No 1545-0047

2013

Open to Public Inspection

Name of the organization
WINONA HEALTH SERVICES INC

Employer identification number
41-0713914

Part I Questions Regarding Compensation

			Yes	No
1a	Check the appropiate box(es) if the organization provided any of the following to or for a person listed in Form 990, Part VII, Section A, line 1a Complete Part III to provide any relevant information regarding these items			
	☐ First-class or charter travel	☐ Housing allowance or residence for personal use		
	☐ Travel for companions	☐ Payments for business use of personal residence		
	☐ Tax idemnification and gross-up payments	☐ Health or social club dues or initiation fees		
	☐ Discretionary spending account	☐ Personal services (e g , maid, chauffeur, chef)		
b	If any of the boxes in line 1a are checked, did the organization follow a written policy regarding payment or reimbursement or provision of all of the expenses described above? If "No," complete Part III to explain	**1b**		
2	Did the organization require substantiation prior to reimbursing or allowing expenses incurred by all directors, trustees, officers, including the CEO/Executive Director, regarding the items checked in line 1a?	**2**		
3	Indicate which, if any, of the following the filing organization used to establish the compensation of the organization's CEO/Executive Director Check all that apply Do not check any boxes for methods used by a related organization to establish compensation of the CEO/Executive Director, but explain in Part III			
	☑ Compensation committee	☑ Written employment contract		
	☑ Independent compensation consultant	☑ Compensation survey or study		
	☑ Form 990 of other organizations	☑ Approval by the board or compensation committee		
4	During the year, did any person listed in Form 990, Part VII, Section A, line 1a with respect to the filing organization or a related organization			
a	Receive a severance payment or change-of-control payment?	**4a**		No
b	Participate in, or receive payment from, a supplemental nonqualified retirement plan?	**4b**	Yes	
c	Participate in, or receive payment from, an equity-based compensation arrangement?	**4c**		No
	If "Yes" to any of lines 4a-c, list the persons and provide the applicable amounts for each item in Part III			
	Only 501(c)(3) and 501(c)(4) organizations only must complete lines 5-9.			
5	For persons listed in Form 990, Part VII, Section A, line 1a, did the organization pay or accrue any compensation contingent on the revenues of			
a	The organization?	**5a**		No
b	Any related organization?	**5b**		No
	If "Yes," to line 5a or 5b, describe in Part III			
6	For persons listed in Form 990, Part VII, Section A, line 1a, did the organization pay or accrue any compensation contingent on the net earnings of			
a	The organization?	**6a**		No
b	Any related organization?	**6b**		No
	If "Yes," to line 6a or 6b, describe in Part III			
7	For persons listed in Form 990, Part VII, Section A, line 1a, did the organization provide any non-fixed payments not described in lines 5 and 6? If "Yes," describe in Part III	**7**	Yes	
8	Were any amounts reported in Form 990, Part VII, paid or accured pursuant to a contract that was subject to the initial contract exception described in Regulations section 53 4958-4(a)(3)? If "Yes," describe in Part III	**8**		No
9	If "Yes" to line 8, did the organization also follow the rebuttable presumption procedure described in Regulations section 53 4958-6(c)?	**9**		

Part II Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees. Use duplicate copies if additional space is needed.

For each individual whose compensation must be reported in Schedule J, report compensation from the organization on row (i) and from related organizations, described in the instructions, on row (ii) Do not list any individuals that are not listed on Form 990, Part VII

Note. The sum of columns (B)(i)-(iii) for each listed individual must equal the total amount of Form 990, Part VII, Section A, line 1a, applicable column (D) and (E) amounts for that individual

(A) Name and Title	**(B)** Breakdown of W-2 and/or 1099-MISC compensation			**(C)** Retirement and other deferred compensation	**(D)** Nontaxable benefits	**(E)** Total of columns (B)(i)-(D)	**(F)** Compensation reported as deferred in prior Form 990
	(i) Base compensation	**(ii)** Bonus & incentive compensation	**(iii)** Other reportable compensation				
See Additional Data Table							

Part III Supplemental Information

Provide the information, explanation, or descriptions required for Part I, lines 1a, 1b, 3, 4a, 4b, 4c, 5a, 5b, 6a, 6b, 7, and 8, and for Part II
Also complete this part for any additional information

Return Reference	Explanation
PART I, LINE 4B	THE FOLLOWING INDIVIDUALS RECEIVED EMPLOYER CONTRIBUTIONS TO A SUPPLEMENTAL NON-QUALIFIED RETIREMENT PLAN MATTHEW BROGHAMMER $12,025 THE SUPPLEMENTAL NONQUALIFIED RETIREMENT PLAN IS AVAILABLE TO EXECUTIVES, PHYSICIANS, AND MID-LEVEL PROVIDERS AS DETERMINED BY THE BOARD OF DIRECTORS IT IS FUNDED BY EMPLOYER CONTRIBUTIONS, AND EMPLOYEES ARE VESTED WITHIN FIVE YEARS AN ALTERNATIVE PLAN IS AVAILABLE WHICH IS FUNDED BY EMPLOYEE CONTRIBUTIONS AND NOT SUBJECT TO FORFEITURE
PART I, LINE 7	LEROY TROMBETTA RECEIVED A PRODUCTION BONUS OF $25,793 SARA GABRICK RECEIVED A BONUS OF $32,000 RACHELLE HEISING-SCHULTZ RECEIVED A BONUS OF $93,800

Additional Data

Software ID:
Software Version:
EIN: 41-0713914
Name: WINONA HEALTH SERVICES INC

Form 990, Schedule J, Part II - Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees

(A) Name		(B) Breakdown of W-2 and/or 1099-MISC compensation			(C) Deferred compensation	(D) Nontaxable benefits	(E) Total of columns (B)(i)-(D)	(F) Compensation reported in prior Form 990 or Form 990-EZ
		(i) Base Compensation	(ii) Bonus & incentive compensation	(iii) Other compensation				
SCOTT BIRDSALL MD DIRECTOR	(I) (II)	316,385 0	9,609 0	16,146 0	29,656 0	29,937 0	401,733 0	0 0
MATTHEW BROGHAMMER MD DIRECTOR	(I) (II)	387,760 0	47,109 0	24,988 0	51,691 0	27,570 0	539,118 0	0 0
RICHARD FERRIS MD DIRECTOR	(I) (II)	203,917 0	10,234 0	7,688 0	42,277 0	26,928 0	291,044 0	0 0
DANIEL PARKER MD DIRECTOR	(I) (II)	211,265 0	10,234 0	13,383 0	33,096 0	28,867 0	296,845 0	0 0
RACHELLE HEISING-SCHULTZ PRESIDENT/CEO/DIRECTOR	(I) (II)	366,148 0	93,800 0	7,871 0	28,503 0	33,553 0	529,875 0	0 0
SARA GABRICK CNO	(I) (II)	151,644 0	32,000 0	688 0	11,446 0	29,726 0	225,504 0	0 0
BRETT WHYTE MD EMERGENCY PHYSICIAN	(I) (II)	321,276 0	200 0	48,177 0	57,740 0	27,088 0	454,481 0	0 0
EVERETT BEGUIN FAMILY PRACTICE PHYSICIAN	(I) (II)	239,068 0	10,234 0	8,153 0	22,964 0	27,445 0	307,864 0	0 0
KATRINA HAMMEL HOSPITALIST	(I) (II)	262,025 0	200 0	16,602 0	24,414 0	28,618 0	331,859 0	0 0
LEROY TROMBETTA MD GENERAL SURGEON	(I) (II)	365,226 0	25,793 0	1,617 0	65,800 0	32,570 0	491,006 0	0 0
AMARJIT VIRDI MD ANESTHESIOLOGIST	(I) (II)	374,144 0	200 0	1,634 0	45,018 0	27,570 0	448,566 0	0 0
WILLIAM KRUEGER RADIOLOGIST	(I) (II)	514,144 0	200 0	7,737 0	70,218 0	27,504 0	619,803 0	0 0
CARLOS MORALES EMERGENCY PHYSICIAN	(I) (II)	359,594 0	200 0	10,659 0	32,909 0	27,570 0	430,932 0	0 0
GIUSTINO ALBANESE RADIOLOGIST	(I) (II)	487,576 0	200 0	10,078 0	64,818 0	11,580 0	574,252 0	0 0
MICHAEL ALLEN FORMER CFO/TREASURER	(I) (II)	201,723 0	0 0	123,666 0	12,406 0	20,788 0	358,583 0	0 0

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Schedule K (Form 990)

Department of the Treasury
Internal Revenue Service

Supplemental Information on Tax Exempt Bonds

▶ Complete if the organization answered "Yes" to Form 990, Part IV, line 24a. Provide descriptions, explanations, and any additional information in Part VI.
▶ Attach to Form 990. ▶ See separate instructions.
▶ Information about Schedule K (Form 990) and its instructions is at www.irs.gov/form990.

OMB No 1545-0047

2013

Open to Public Inspection

Name of the organization
WINONA HEALTH SERVICES INC

Employer identification number
41-0713914

Part I Bond Issues

	(a) Issuer name	(b) Issuer EIN	(c) CUSIP #	(d) Date issued	(e) Issue price	(f) Description of purpose	(g) Defeased		(h) On behalf of issuer		(i) Pool financing	
							Yes	No	Yes	No	Yes	No
A	CITY OF WINONA	41-6005651	975232CE7	05-04-2012	19,887,849	REFUND REVENUE BONDS ISSUED 7/16/2004		X		X		X
B	CITY OF WINONA	41-6005651	975232BQ1	07-31-2007	12,779,904	SEE BELOW FOR COMPLETE DESCRIPTION		X		X		X

Part II Proceeds

		A	B	C	D
1	Amount of bonds retired		2,650,000		
2	Amount of bonds legally defeased				
3	Total proceeds of issue	19,887,849	12,779,904		
4	Gross proceeds in reserve funds	1,555,683	927,843		
5	Capitalized interest from proceeds				
6	Proceeds in refunding escrows				
7	Issuance costs from proceeds	356,781	167,030		
8	Credit enhancement from proceeds				
9	Working capital expenditures from proceeds				
10	Capital expenditures from proceeds		5,340,000		
11	Other spent proceeds	17,975,385	6,344,845		
12	Other unspent proceeds				
13	Year of substantial completion	2012	2007		

		A		B		C		D	
		Yes	No	Yes	No	Yes	No	Yes	No
14	Were the bonds issued as part of a current refunding issue?	X		X					
15	Were the bonds issued as part of an advance refunding issue?		X		X				
16	Has the final allocation of proceeds been made?	X		X					
17	Does the organization maintain adequate books and records to support the final allocation of proceeds?	X		X					

Part III Private Business Use

		A		B		C		D	
		Yes	No	Yes	No	Yes	No	Yes	No
1	Was the organization a partner in a partnership, or a member of an LLC, which owned property financed by tax-exempt bonds?		X		X				
2	Are there any lease arrangements that may result in private business use of bond-financed property?		X		X				

Part III Private Business Use *(Continued)*

		A		B		C		D	
		Yes	No	Yes	No	Yes	No	Yes	No
3a	Are there any management or service contracts that may result in private business use of bond-financed property?		X		X				
b	If "Yes" to line 3a, does the organization routinely engage bond counsel or other outside counsel to review any management or service contracts relating to the financed property?								
c	Are there any research agreements that may result in private business use of bond-financed property?		X		X				
d	If "Yes" to line 3c, does the organization routinely engage bond counsel or other outside counsel to review any research agreements relating to the financed property?								
4	Enter the percentage of financed property used in a private business use by entities other than a section 501(c)(3) organization or a state or local government ▶	0 %		0 %					
5	Enter the percentage of financed property used in a private business use as a result of unrelated trade or business activity carried on by your organization, another section 501(c)(3) organization, or a state or local government ▶	0 %		0 %					
6	Total of lines 4 and 5	0 %		0 %					
7	Does the bond issue meet the private security or payment test?		X		X				
8a	Has there been a sale or disposition of any of the bond financed property to a nongovernmental person other than a 501(c)(3) organization since the bonds were issued?		X		X				
b	If "Yes" to line 8a, enter the percentage of bond-financed property sold or disposed of								
c	If "Yes" to line 8a, was any remedial action taken pursuant to Regulations sections 1 141-12 and 1 145-2?								
9	Has the organization established written procedures to ensure that all nonqualified bonds of the issue are remediated in accordance with the requirements under Regulations sections 1 141-12 and 1 145-2?	X		X					

Part IV Arbitrage

		A		B		C		D	
		Yes	No	Yes	No	Yes	No	Yes	No
1	Has the issuer filed Form 8038-T?		X		X				
2	If "No" to line 1, did the following apply?								
a	Rebate not due yet?		X		X				
b	Exception to rebate?		X		X				
c	No rebate due?		X	X					
	If you checked "No rebate due" in line 2c, provide in Part VI the date the rebate computation was performed								
3	Is the bond issue a variable rate issue?		X		X				
4a	Has the organization or the governmental issuer entered into a qualified hedge with respect to the bond issue?		X		X				
b	Name of provider								
c	Term of hedge								
d	Was the hedge superintegrated?								
e	Was the hedge terminated?								

Part IV Arbitrage *(Continued)*

		A		B		C		D	
		Yes	No	Yes	No	Yes	No	Yes	No
5a	Were gross proceeds invested in a guaranteed investment contract (GIC)?		X		X				
b	Name of provider								
c	Term of GIC								
d	Was the regulatory safe harbor for establishing the fair market value of the GIC satisfied?								
6	Were any gross proceeds invested beyond an available temporary period?		X		X				
7	Has the organization established written procedures to monitor the requirements of section 148?	X		X					

Part V Procedures To Undertake Corrective Action

	A		B		C		D	
	Yes	No	Yes	No	Yes	No	Yes	No
Has the organization established written procedures to ensure that violations of federal tax requirements are timely identified and corrected through the voluntary closing agreement program if self-remediation is not available under applicable regulations?	X		X					

Part VI Supplemental Information. Provide additional information for responses to questions on Schedule K (see instructions).

Return Reference	Explanation
DATE REBATE COMPUTATION PERFORMED	ISSUER NAME CITY OF WINONA DATE THE REBATE COMPUTATION WAS PERFORMED 08/14/2012

Return Reference	Explanation
PART I, LINE B	SCHEDULE K INCLUDES THE ALLOCABLE SHARE OF THE SERIES 2007 TAX-EXEMPT BOND THE REMAINING SHARE IS REPORTED ON RELATED ORGANIZATION SCHEDULE K, WINONA SENIOR SERVICES, EIN - 41-1936536

Return Reference	Explanation
PART I, LINE B, COLUMN (F)	REFUNDING OF PRIOR REVENUE BONDS ORIGINALLY ISSUED 8/1/2000 AND 7/1/2004 AND RENOVATION AND ACQUISITION OF PROPERTY ON SARNIA STREET AND PARKS AVENUE

Return Reference	Explanation
PART II, LINE 11(A)	THE AMOUNT REPORTED ON LINE 11 REPRESENTS THE AMOUNT OF PROCEEDS USED TO REFUND PRIOR BONDS ISSUED IN 2004

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Schedule L (Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Transactions with Interested Persons

▶ Complete if the organization answered "Yes" on Form 990, Part IV, lines 25a, 25b, 26, 27, 28a, 28b, or 28c, or Form 990-EZ, Part V, line 38a or 40b.
▶ Attach to Form 990 or Form 990-EZ. ▶ See separate instructions.
▶ Information about Schedule L (Form 990 or 990-EZ) and its instructions is at www.irs.gov/form990.

OMB No 1545-0047

2013

Open to Public Inspection

Name of the organization
WINONA HEALTH SERVICES INC

Employer identification number
41-0713914

Part I Excess Benefit Transactions (section 501(c)(3) and section 501(c)(4) organizations only).

Complete if the organization answered "Yes" on Form 990, Part IV, line 25a or 25b, or Form 990-EZ, Part V, line 40b

1 (a) Name of disqualified person	(b) Relationship between disqualified person and organization	(c) Description of transaction	(d) Corrected? Yes	No

2 Enter the amount of tax incurred by organization managers or disqualified persons during the year under section 4958 . . . . . ▶ $

3 Enter the amount of tax, if any, on line 2, above, reimbursed by the organization . . . . . ▶ $

Part II Loans to and/or From Interested Persons.

Complete if the organization answered "Yes" on Form 990-EZ, Part V, line 38a, or Form 990, Part IV, line 26, or if the organization reported an amount on Form 990, Part X, line 5, 6, or 22

(a) Name of interested person	(b) Relationship with organization	(c) Purpose of loan	(d) Loan to or from the organization? To	From	(e) Original principal amount	(f) Balance due	(g) In default? Yes	No	(h) Approved by board or committee? Yes	No	(i) Written agreement? Yes	No
Total		▶ $										

Part III Grants or Assistance Benefitting Interested Persons.

Complete if the organization answered "Yes" on Form 990, Part IV, line 27.

(a) Name of interested person	(b) Relationship between interested person and the organization	(c) Amount of assistance	(d) Type of assistance	(e) Purpose of assistance

Part IV Business Transactions Involving Interested Persons.

Complete if the organization answered "Yes" on Form 990, Part IV, line 28a, 28b, or 28c.

(a) Name of interested person	(b) Relationship between interested person and the organization	(c) Amount of transaction	(d) Description of transaction	(e) Sharing of organization's revenues?	
				Yes	No
(1) HIAWATHA BROADBAND COMMUNICATIONS INC	ONE BOARD MEMBER IS OWNER & ONE BOARD MEMBER IS ON THE BOARD OF HBC, INC	135,293	PURCHASE OF TELEPHONE AND CABLE SERVICES		No
(2) WINONA AGENCY	OWNED BY BOARD MEMBER	124,710	PURCHASE OF INSURANCE		No
(3) MARIE OLSEN WAGNER	SPOUSE OF BOARD MEMBER	65,663	COMPENSATION AND BENEFITS AS AN EMPLOYEE		No
(4) HEIDI FERRIS	SPOUSE OF BOARD MEMBER	39,726	COMPENSATION AND BENEFITS AS AN EMPLOYEE		No
(5) SARNIA REALTY	OWNED BY TWO BOARD MEMBERS	1,119,805	PROPERTY LEASE		No
(6) SCHWAB	BOARD MEMBER IS 50% OWNER	143,210	CONTRACTORS		No

Part V Supplemental Information

Provide additional information for responses to questions on Schedule L (see instructions)

Return Reference	Explanation

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SCHEDULE O
(Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Supplemental Information to Form 990 or 990-EZ

Complete to provide information for responses to specific questions on Form 990 or to provide any additional information.
▶ Attach to Form 990 or 990-EZ.
▶ Information about Schedule O (Form 990 or 990-EZ) and its instructions is at www.irs.gov/form990.

OMB No 1545-0047

2013

Open to Public Inspection

Name of the organization
WINONA HEALTH SERVICES INC

Employer identification number
41-0713914

990 Schedule O, Supplemental Information

Return Reference	Explanation
FORM 990, PART VI, SECTION A, LINE 1	
FORM 990, PART VI, SECTION A, LINE 2	THE FOLLOWING INDIVIDUALS HAVE BUSINESS RELATIONSHIPS SCOTT BIESANZ WITH KEN MOGREN GARY EVANS WITH HUGH MILLER SCOTT BIRDSALL WITH RACHELLE HEISING-SCHULTZ, AND STEVE BLUE RACHEL LE HEISING-SCHULTZ WITH GARY EVANS, STEVE BLUE, AND SCOTT BIRDSALL MATT BROGHAMMER WITH DA N PARKER JIM KILLIAN WITH HUGH MILLER
FORM 990, PART VI, SECTION B, LINE 11	THE RETURN IS REVIEWED INITIALLY BY THE CFO AND DIRECTOR OF FINANCIAL OPERATIONS IT IS TH EN REVIEWED BY THE EXECUTIVE COMMITTEE BEFORE IT IS FILED
FORM 990, PART VI, SECTION B, LINE 12C	THE CONFLICT OF INTEREST POLICY COVERS SENIOR LEADERS, DIRECTORS, OFFICERS AND BOARD COMMI TTEE MEMBERS THE POLICY IS SIGNED ANNUALLY AND REVIEWED BY THE CEO FOR CONFLICTS ANY CON FLICTS ARE BROUGHT TO THE BOARD FOR DISCUSSION IF A BOARD MEMBER HAS A POTENTIAL CONFLICT , THEY MUST ABSTAIN FROM VOTING
FORM 990, PART VI, SECTION B, LINE 15	THE EXECUTIVE COMMITTEE HAS A PROCESS IN PLACE FOR DETERMINING COMPENSATION FOR THE CEO AN D CFO BASED ON RESULTS OF A COMPENSATION STUDY, APPROVAL AND DOCUMENTATION BY THE BOARD/CO MMITTEE MEMBERS AND THE USE OF INDEPENDENT CONSULTING EVERY 3 YEARS THE BOARD REVIEWS COM PENSATION FOR THESE INDIVIDUALS ANNUALLY
FORM 990, PART VI, SECTION C, LINE 19	THE ORGANIZATION MAKES ITS GOVERNING DOCUMENTS, CONFLICT OF INTEREST POLICY AND FINANCIAL STATEMENTS AVAILABLE UPON REQUEST THE FINANCIAL STATEMENTS ARE ALSO ATTACHED TO THE FORM 990

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SCHEDULE R (Form 990)

Department of the Treasury
Internal Revenue Service

Related Organizations and Unrelated Partnerships

▶ Complete if the organization answered "Yes" on Form 990, Part IV, line 33, 34, 35b, 36, or 37.
▶ Attach to Form 990. ▶ See separate instructions.
▶ Information about Schedule R (Form 990) and its instructions is at www.irs.gov/form990.

OMB No 1545-0047

2013

Open to Public Inspection

Name of the organization
WINONA HEALTH SERVICES INC

Employer identification number
41-0713914

Part I Identification of Disregarded Entities Complete if the organization answered "Yes" on Form 990, Part IV, line 33.

(a) Name, address, and EIN (if applicable) of disregarded entity	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Total income	(e) End-of-year assets	(f) Direct controlling entity

Part II Identification of Related Tax-Exempt Organizations Complete if the organization answered "Yes" on Form 990, Part IV, line 34 because it had one or more related tax-exempt organizations during the tax year.

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Exempt Code section	(e) Public charity status (if section 501(c)(3))	(f) Direct controlling entity	(g) Section 512(b)(13) controlled entity? Yes	(g) No
(1) WINONA SENIOR SERVICES INC 855 MANKATO AVENUE WINONA, MN 55987 41-1936536	LONG-TERM CARE	MN	501(C)(3)	LINE 3	WINONA HEALTH SERVICES	Yes	
(2) WINONA HEALTH FOUNDATION 855 MANKATO AVENUE WINONA, MN 55987 41-1879744	FUNDRAISING	MN	501(C)(3)	LINE 7	WINONA HEALTH SERVICES	Yes	
(3) WINONA HEALTH PHYSICIAN CLINICS 420 E SARNIA WINONA, MN 55987 41-1767741	HEALTH CARE SERVICES	MN	501(C)(3)	LINE 9	N/A		No

Part III **Identification of Related Organizations Taxable as a Partnership** Complete if the organization answered "Yes" on Form 990, Part IV, line 34 because it had one or more related organizations treated as a partnership during the tax year.

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Direct controlling entity	(e) Predominant income(related, unrelated, excluded from tax under sections 512-514)	(f) Share of total income	(g) Share of end-of-year assets	(h) Disproprtionate allocations?		(i) Code V-UBI amount in box 20 of Schedule K-1 (Form 1065)	(j) General or managing partner?		(k) Percentage ownership
							Yes	No		Yes	No	

Part IV **Identification of Related Organizations Taxable as a Corporation or Trust** Complete if the organization answered "Yes" on Form 990, Part IV, line 34 because it had one or more related organizations treated as a corporation or trust during the tax year.

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Direct controlling entity	(e) Type of entity (C corp, S corp, or trust)	(f) Share of total income	(g) Share of end-of-year assets	(h) Percentage ownership	(i) Section 512 (b)(13) controlled entity?	
								Yes	No

Part V Transactions With Related Organizations Complete if the organization answered "Yes" on Form 990, Part IV, line 34, 35b, or 36.

		Yes	No
Note. Complete line 1 if any entity is listed in Parts II, III, or IV of this schedule			
1 During the tax year, did the orgranization engage in any of the following transactions with one or more related organizations listed in Parts II-IV?			
a Receipt of **(i)** interest **(ii)** annuities **(iii)** royalties or **(iv)** rent from a controlled entity	1a		No
b Gift, grant, or capital contribution to related organization(s)	1b	Yes	
c Gift, grant, or capital contribution from related organization(s)	1c	Yes	
d Loans or loan guarantees to or for related organization(s)	1d		No
e Loans or loan guarantees by related organization(s)	1e		No
f Dividends from related organization(s)	1f		No
g Sale of assets to related organization(s)	1g		No
h Purchase of assets from related organization(s)	1h		No
i Exchange of assets with related organization(s)	1i		No
j Lease of facilities, equipment, or other assets to related organization(s)	1j		No
k Lease of facilities, equipment, or other assets from related organization(s)	1k		No
l Performance of services or membership or fundraising solicitations for related organization(s)	1l		No
m Performance of services or membership or fundraising solicitations by related organization(s)	1m		No
n Sharing of facilities, equipment, mailing lists, or other assets with related organization(s)	1n	Yes	
o Sharing of paid employees with related organization(s)	1o	Yes	
p Reimbursement paid to related organization(s) for expenses	1p	Yes	
q Reimbursement paid by related organization(s) for expenses	1q	Yes	
r Other transfer of cash or property to related organization(s)	1r	Yes	
s Other transfer of cash or property from related organization(s)	1s	Yes	

2 If the answer to any of the above is "Yes," see the instructions for information on who must complete this line, including covered relationships and transaction thresholds

(a) Name of related organization	(b) Transaction type (a-s)	(c) Amount involved	(d) Method of determining amount involved
See Additional Data Table			

Part VI **Unrelated Organizations Taxable as a Partnership** Complete if the organization answered "Yes" on Form 990, Part IV, line 37.

Provide the following information for each entity taxed as a partnership through which the organization conducted more than five percent of its activities (measured by total assets or gross revenue) that was not a related organization See instructions regarding exclusion for certain investment partnerships

(a) Name, address, and EIN of entity	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Predominant income (related, unrelated, excluded from tax under sections 512-514)	(e) Are all partners section 501(c)(3) organizations?		(f) Share of total income	(g) Share of end-of-year assets	(h) Disproprtionate allocations?		(i) Code V?UBI amount in box 20 of Schedule K-1 (Form 1065)	(j) General or managing partner?		(k) Percentage ownership
				Yes	No			Yes	No		Yes	No	

Part VII Supplemental Information

Provide additional information for responses to questions on Schedule R (see instructions)

Return Reference	Explanation

Additional Data

Software ID:
Software Version:
EIN: 41-0713914
Name: WINONA HEALTH SERVICES INC

Form 990, Schedule R, Part V - Transactions With Related Organizations

(a) Name of other organization	(b) Transaction type(a-s)	(c) Amount Involved	(d) Method of determining amount involved
WINONA SENIOR SERVICES INC	O	120,724	DUE TO/FROM NET CHANGE IN BALANCE
WINONA SENIOR SERVICES INC	S	11,553,943	DUE TO/FROM NET CHANGE IN BALANCE
WINONA SENIOR SERVICES INC	R	11,462,125	DUE TO/FROM NET CHANGE IN BALANCE
WINONA HEALTH FOUNDATION	O	156,646	DUE TO/FROM NET CHANGE IN BALANCE
WINONA HEALTH FOUNDATION	Q	51,718	DUE TO/FROM NET CHANGE IN BALANCE
WINONA HEALTH FOUNDATION	S	934,275	DUE TO/FROM NET CHANGE IN BALANCE
WINONA HEALTH FOUNDATION	C	308,135	DUE TO/FROM NET CHANGE IN BALANCE

Consolidated Financial Statements
September 30, 2014 and 2013

Winona Health Services

EideBailly

CPAs & BUSINESS ADVISORS

Independent Auditor's Report

The Board of Directors
Winona Health Services
Winona, Minnesota

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of Winona Health Services, which comprise the consolidated balance sheets as of September 30, 2014 and 2013, and the related consolidated statements of operations, changes in net assets, and cash flows for the years then ended, and the related notes to the consolidated financial statements

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America, this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits We conducted our audits in accordance with auditing standards generally accepted in the United States of America Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements The procedures selected depend on the auditor`s judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error In making those risk assessments, the auditor considers internal control relevant to the entity`s preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity`s internal control Accordingly, we express no such opinion An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion

Opinion
In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Winona Health Services as of September 30, 2014 and 2013, and the consolidated results of its operations, changes in net assets, and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America

Eide Bailly LLP

Minneapolis, Minnesota
December 15, 2014

	2014	2013
Assets		
Current Assets		
Cash and cash equivalents	$ 19,221,963	$ 25,031,264
Assets limited as to use - under bond indenture agreement	488,578	487,449
Short-term investments	13,062,638	8,461,083
Receivables		
Patient and resident, net of estimated uncollectibles of $9,984,000 in 2014 and $11,047,000 in 2013	14,125,426	14,998,340
Other	1,516,832	763,055
Supplies	2,370,401	2,223,813
Prepaid expenses	771,267	779,070
Total current assets	51,557,105	52,744,074
Assets Limited as to Use		
Designated for property and equipment	9,462,259	7,744,412
Under bond indenture agreement	2,598,323	2,598,323
Total assets limited as to use	12,060,582	10,342,735
Property and Equipment, Net	45,493,261	46,809,568
Other Assets		
Long-term investments	36,632,099	34,876,863
Deferred financing costs, net	394,716	415,606
Goodwill	2,014,538	2,014,538
Other	569,335	559,674
Total other assets	39,610,688	37,866,681
Total assets	$ 148,721,636	$ 147,763,058

See Notes to Consolidated Financial Statements

	2014	2013
Liabilities and Net Assets		
Current Liabilities		
Current maturities of long-term debt	$ 1,253,942	$ 525,000
Accounts payable		
Trade	2,637,124	2,901,494
Estimated third-party payor settlements	254,567	931,557
Accrued expenses, primarily salaries, wages, and benefits	8,367,086	8,444,050
Total current liabilities	12,512,719	12,802,101
Long-Term Debt, Less Current Maturities	30,493,947	31,752,044
Total liabilities	43,006,666	44,554,145
Net Assets		
Unrestricted	82,394,317	79,517,162
Temporarily restricted	3,643,645	4,303,218
Permanently restricted	19,677,008	19,388,533
Total net assets	105,714,970	103,208,913
Total liabilities and net assets	$ 148,721,636	$ 147,763,058

	2014	2013
Unrestricted Revenues, Gains, and Other Support		
Net patient and resident service revenue	$ 111,563,328	$ 113,358,677
Provision for bad debts	(3,466,783)	(3,886,034)
Net patient and resident service revenue less provision for bad debts	108,096,545	109,472,643
Other revenue	9,330,064	9,889,560
Net assets released from restrictions	1,413,922	1,391,802
Total revenues, gains, and other support	118,840,531	120,754,005
Expenses		
Salaries	55,921,057	54,709,327
Employee benefits	16,228,630	13,883,912
Medical and other supplies	7,490,860	7,715,625
Lease and rental	1,426,970	1,283,916
Repairs and maintenance	1,291,572	1,480,739
Physician fees	2,001,434	2,969,740
Purchased services	9,142,434	9,165,919
Food and dietary supplies	811,188	910,115
Drugs	3,671,796	3,902,134
Cost of pharmaceutical sales	5,712,210	5,395,278
Utilities	1,525,551	1,208,816
Other operating expenses	5,928,506	5,961,159
Interest	1,478,994	1,501,375
Depreciation and amortization	4,947,893	4,959,789
Insurance	973,214	907,529
Total expenses	118,552,309	115,955,373
Operating Income	288,222	4,798,632
Other Income (Losses)		
Investment income	1,365,512	918,285
Foundation expenses	(404,795)	(363,669)
Contributions and other	102,393	48,479
Other income, net	1,063,110	603,095
Revenues in Excess of Expenses	1,351,332	5,401,727
Change in Unrealized Gains and Losses on Investments	1,525,823	1,904,436
Increase in Unrestricted Net Assets	$ 2,877,155	$ 7,306,163

	2014	2013
Unrestricted Net Assets		
Revenues in excess of expenses	$ 1,351,332	$ 5,401,727
Change in unrealized gains and losses on investments	1,525,823	1,904,436
Increase in unrestricted net assets	2,877,155	7,306,163
Temporarily Restricted Net Assets		
Contributions for specific purposes	389,397	983,307
Investment income	842,403	625,077
Change in unrealized gains and losses on investments	(477,451)	1,888,876
Net assets released from restrictions	(1,413,922)	(1,391,802)
Increase (decrease) in temporarily restricted net assets	(659,573)	2,105,458
Permanently Restricted Net Assets		
Contributions for permanently restricted purposes	288,475	265,299
Increase in Net Assets	2,506,057	9,676,920
Net Assets, Beginning of Year	103,208,913	93,531,993
Net Assets, End of Year	$ 105,714,970	$ 103,208,913

	2014	2013
Operating Activities		
Change in net assets	$ 2,506,057	$ 9,676,920
Adjustments to reconcile change in net assets to net cash from operating activities		
Depreciation	4,927,003	4,938,899
Amortization of deferred financing costs	20,890	20,890
Net realized gains and losses on investments	(935,960)	(464,215)
Change in unrealized gains and losses on investments	(1,048,372)	(3,793,312)
Contributions and investment income restricted by donors	(1,264,439)	(1,760,850)
Provision for bad debts	3,466,783	3,886,034
Changes in assets and liabilities		
Patient, resident, and other receivables	(3,347,646)	(2,639,464)
Supplies, prepaid expenses, and other	(148,446)	(57,436)
Accounts payable	(941,360)	1,847
Accrued expenses	(76,964)	(374,680)
Net Cash From Operating Activities	3,157,546	9,434,633
Investing Activities		
Purchases of assets limited as to use, short-term investments, and long-term investments	(19,909,378)	(15,464,047)
Sales of assets limited as to use, short-term investments, and long-term investments	13,817,943	15,598,901
Purchase of property and equipment	(3,610,696)	(3,173,807)
Net Cash Used For Investing Activities	(9,702,131)	(3,038,953)
Financing Activities		
Principal payments on long-term debt	(529,155)	(504,579)
Contributions and investment income restricted by donors	1,264,439	1,760,850
Net Cash From Financing Activities	735,284	1,256,271
Net Increase (Decrease) in Cash and Cash Equivalents	(5,809,301)	7,651,951
Cash and Cash Equivalents, Beginning of Year	25,031,264	17,379,313
Cash and Cash Equivalents, End of Year	$ 19,221,963	$ 25,031,264
Supplemental Disclosure of Cash Flow Information		
Cash paid during the year for interest	$ 1,484,282	$ 1,645,031

Note 1 - Organization and Significant Accounting Policies

Organization

Winona Health Services (the Corporation) is a Minnesota nonprofit corporation located in Winona, Minnesota, and has been recognized by the Internal Revenue Service as exempt from federal income taxes under Internal Revenue Code Section 501(c)(3) The purpose of the Corporation is to own, maintain, and operate a 99-bed acute care hospital, clinics, nursing home, and pharmacies furnishing medical and surgical care to the sick, infirmed, aged, or injured The Corporation also provides clinical medical services to residents of Rushford, Minnesota

The Corporation is governed by a Board of Directors that has all of the powers necessary and convenient to provide for the acquisition, betterment, operation, maintenance, and administration of the facilities as the Board determines to be necessary and expedient

Principles of Consolidation

The consolidated financial statements of the Corporation include the accounts of Winona Health Services and the following affiliates Winona Senior Services, Inc (WSS), and Winona Health Foundation (Foundation) All material inter-organizational transactions have been eliminated

WSS consists of a 160-bed extended care facility organized as a Minnesota nonprofit corporation pursuant to Minnesota Statutes Chapter 317 WSS also includes home health, hospice, and assisted living

The Foundation is a Minnesota nonprofit corporation organized pursuant to Minnesota Statutes Chapter 317 established to develop and administer programs that will provide financial resources for special projects of the Corporation

Income Taxes

The Corporation and its consolidated entities are organized as Minnesota nonprofit entities and are annually required to file a Return of Organization Exempt from Income Tax (Form 990) with the IRS In addition, all entities are subject to income tax on net income that is derived from business activities that are unrelated to their exempt purpose The Corporation files an Exempt Organization Business Income Tax Return (Form 990T) with the IRS to report its unrelated business taxable income

The Corporation believes that it has appropriate support for any tax positions taken affecting its annual filing requirements, and, as such, does not have any uncertain tax positions that are material to the financial statements The Corporation would recognize future accrued interest and penalties related to unrecognized tax benefits and liabilities in income tax expense, if such interest and penalties are incurred The Corporation's federal Form 990T filings are no longer subject to federal tax examination by tax authorities for years before September 30, 2011

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements Estimates also affect the reported amounts of revenues and expenses during the reporting period Actual results could differ from those estimates

Fair Value Measurements

The Corporation has determined the fair value of certain assets and liabilities in accordance with generally accepted accounting principles, which provides a framework for measuring fair value

Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date Valuation techniques should maximize the use of observable inputs and minimize the use of unobservable inputs

A fair value hierarchy has been established, which prioritizes the valuation inputs into three broad levels Level 1 inputs consist of quoted prices in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the related asset or liability Level 3 inputs are unobservable inputs related to the asset or liability

Cash and Cash Equivalents

Cash and cash equivalents include highly liquid investments with an original maturity of three months or less, excluding assets limited as to use, long-term investments, and short-term investments

Patient and Resident Receivables

Patient and resident receivables are uncollateralized customer and third-party payor obligations The Corporation does not charge interest on its patient and resident receivables Payments of patient and resident receivables are allocated to the specific claims identified on the remittance advice or, if unspecified, are applied to the earliest unpaid claim

Patient and resident accounts receivable are reduced by an allowance for doubtful accounts In evaluating the collectability of accounts receivable, the Corporation analyzes its past history and identifies trends for each of its major payor sources of revenue to estimate the appropriate allowance for doubtful accounts and provision for bad debts Management regularly reviews data about these major payor sources of revenue in evaluating the sufficiency of the allowance for doubtful accounts For receivables associated with services provided to patients who have third-party coverage, the Corporation analyzes contractually due amounts and provides an allowance for doubtful accounts and a provision for bad debts, if necessary (for example, for expected uncollectible deductibles and copayments on accounts for which the third-party payor has not yet paid, or for payors who are known to be having financial difficulties that make the realization of amounts due unlikely) For receivables associated with self-pay patients (which includes both patients without insurance and patients with deductible and copayment balances due for which third-party coverage exists for part of the bill), the Corporation records a significant provision for bad debts in the period of service on the basis of its past experience, which indicates that many patients are unable or unwilling to pay the portion of their bill for which they are financially responsible The difference between the standard rates (or the discounted rates, if negotiated) and the amounts actually collected after all reasonable collection efforts have been exhausted is charged off against the allowance for doubtful accounts

The Corporation's process for calculating the allowance for doubtful accounts for self-pay patients has not significantly changed from September 30, 2013 to September 30, 2014 The Corporation does not maintain a material allowance for doubtful accounts from third-party payors, nor did it have significant write offs from third-party payors The Corporation has not significantly changed its charity care or uninsured discount policies during fiscal years 2014 or 2013

Supplies

Supplies are stated at average cost

Investments and Investment Income

Short-term investments include investments with an original maturity of three to twelve months and marketable investments available for operations, excluding assets limited as to use Long-term investments include investments with an original maturity of greater than twelve months and investments intended to be held long-term

Investments in equity securities with readily determinable fair values and all investments in debt securities are measured at fair value in the consolidated balance sheet Investments in cash equivalents are measured at historical cost, plus any accrued interest, which is considered a reasonable estimate of fair value Investment income or loss (including realized gains and losses on investments, interest, and dividends) is included in revenues in excess of expenses unless the income or loss is restricted by donor or law Unrealized gains and losses on investments are excluded from revenues in excess of expenses unless the investments are trading securities

Assets Limited as to Use

Assets limited as to use include assets set aside by the Board of Directors for future capital improvements and funding of depreciation, over which the Board retains control and may at its discretion subsequently use for other purposes and assets held by a trustee under an indenture agreement Assets limited as to use that are available for obligations classified as current liabilities are reported in current assets

Property and Equipment

Property and equipment acquisitions in excess of $5,000 are capitalized and recorded at cost Depreciation is provided over the estimated useful life of each depreciable asset and is computed using the straight-line method The estimated useful lives of property and equipment are as follows

Land improvements	5-20 years
Buildings and improvements	15-33 years
Major movable equipment	4-15 years

Gifts of long-lived assets such as land, buildings, or equipment are reported as additions to unrestricted net assets, and are excluded from revenues in excess of expenses, unless explicit donor stipulations specify how the donated assets must be used Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted net assets Absent explicit donor stipulations about how long those long-lived assets must be maintained, expirations of donor restrictions are reported when donated or when acquired long-lived assets are placed in service

Deferred Financing Costs

Deferred financing costs are amortized over the period the related obligation is outstanding using the straight-line method The accumulated amortization is $75,384 and $54,494, at September 30, 2014 and 2013, respectively Amortization of deferred financing costs is included in depreciation and amortization in the consolidated financial statements

Goodwill

Goodwill represents the excess cost over the fair value of the net assets acquired from business acquisitions and totals $2,014,538. On an annual basis and at interim periods when circumstances require, the Corporation tests the recoverability of its goodwill. The Corporation performs its evaluation at the same time each year, unless circumstances require additional analysis. The Corporation recognizes an impairment charge for the amount by which the carrying amount of goodwill exceeds its fair value. There was no impairment loss recognized for the years ended September 30, 2014 and 2013.

Self-Funded Health Insurance and Workers' Compensation Insurance

The Corporation provides for self-insurance reserves for estimated incurred but not reported claims for its employee health plan and workers' compensation insurance program. These reserves, which are included in accrued expenses on the consolidated balance sheets, are estimated based upon historical submission and payment data, cost trends, utilization history, and other relevant factors. Adjustments to reserves are reflected in the operating results in the period in which the change in estimate is identified.

Temporarily and Permanently Restricted Net Assets

Temporarily restricted net assets are those whose use by the Corporation has been limited by donors to a specific time period or purpose. Permanently restricted net assets have been restricted by donors to be maintained by the Corporation in perpetuity.

Net Patient and Resident Service Revenue

The Corporation has agreements with third-party payors that provide for payments to the Corporation at amounts different from its established rates. Payment arrangements include prospectively determined rates, discounted charges, and per diem payments. Net patient and resident service revenue is reported at the estimated net realizable amounts from patients, residents, third-party payors, and others for services rendered, including estimated retroactive adjustments under reimbursement agreements with third-party payors. Retroactive adjustments are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods as final settlements are determined.

The Corporation recognizes patient and resident service revenue associated with services provided to patients and residents who have third-party payor coverage on the basis of contractual rates for the services rendered, as noted above. For uninsured patients that do not qualify for charity care, the Corporation recognizes revenue on the basis of its standard rates for services provided (or on the basis of discounted rates, if negotiated or provided by policy). On the basis of historical experience, a significant portion of the Corporation's uninsured patients will be unable or unwilling to pay for the services provided. Thus, the Corporation records a significant provision for bad debts related to uninsured patients and residents in the period the services are provided. Net patient and resident service revenue, but before the provision for bad debts, recognized for the years ended September 30, 2014 and 2013 from these major payor sources, is as follows:

	2014	2013
Net patient and resident service revenue		
Third-party payors	$ 107,109,246	$ 107,932,763
Self-pay	4,454,082	5,425,914
Total all payors	$ 111,563,328	$ 113,358,677

Charity Care

To fulfill its mission of community service, the Corporation provides care to patients and residents who meet certain criteria under its charity care and community benefit policy without charge or at amounts less than its established rates Because the Corporation does not pursue collection of amounts determined to qualify as charity care, they are not reported as patient and resident service revenue The estimated cost of providing these services was approximately $925,000 and $917,000, respectively, for the years ended September 30, 2014 and 2013, calculated by multiplying the ratio of cost to gross charges for the Corporation by the gross uncompensated charges associated with providing charity care to its patients

The Corporation maintains a permanently restricted endowment fund, the income from which may be used to support uncompensated care (Notes 7 and 8) For the years ended September 30, 2014 and 2013, amounts released from restrictions to support uncompensated care totaled approximately $832,000 and $818,000, respectively

Donor-Restricted Gifts

Unconditional promises to give cash and other assets are reported at fair value at the date the promise is received Conditional promises to give and indications of intentions to give are reported at fair value at the date the gift is received The gifts are reported as either temporarily or permanently restricted support if they are received with donor stipulations that limit the use of the donated assets When donor stipulated time restrictions or purpose restrictions are met or accomplished, temporarily restricted net assets are reclassified as unrestricted net assets and reported in the consolidated statements of operations as net assets released from restrictions Donor-restricted contributions whose restrictions are met within the same year as received are reflected as unrestricted contributions in the consolidated statements of operations

Advertising Costs

The Corporation expenses advertising costs as incurred

Electronic Health Record Incentive Payments

The American Recovery and Reinvestment Act of 2009 (ARRA) amended the Social Security Act to establish incentive payments under the Medicare and Medicaid programs for certain hospitals and professionals that meaningfully use certified Electronic Health Records (EHR) technology

To qualify for the EHR incentive payments, hospitals and physicians must meet designated EHR meaningful use criteria In addition, hospitals must attest that they have used certified EHR technology, satisfied the meaningful use objectives, and specify the EHR reporting period This attestation is subject to audit by the federal government or its designee The EHR incentive payment to hospitals for each payment year is calculated as a product of (1) an initial amount, (2) the Medicare share, and (3) a transition factor applicable to that payment year

The Corporation recognizes EHR incentive payments as revenue when there is reasonable assurance that the Corporation will comply with the conditions attached to the incentive payments EHR incentive payments are included in other operating revenue in the accompanying consolidated financial statements The amount of EHR incentive payments recognized are based on management's best estimate and those amounts are subject to change with such changes impacting the period in which they occur

The Corporation recognized revenue of approximately $1,009,000 and $1,517,000, respectively, for the years ended September 30, 2014 and 2013 related to EHR incentive payments These incentive payments are included in other revenue in the accompanying consolidated financial statements

Note 2 - Community Benefit Activities

In furtherance of its charitable purpose, the Corporation provides a wide variety of benefits to the community These services and donations account for a measurable portion of the Corporation's costs and serve to promote healthy life styles, community development, health education, and affordable access to care

The Corporation maintains records to identify and monitor the level of community benefit services it provides Those records include management's estimate of the cost to provide charity care, the cost of services and supplies furnished for community benefit programs and costs in excess of program payments for treating Medical Assistance patients

In addition to community benefit costs outlined in the following table, the Corporation provides additional community contributions such as services to Medicare and Medicaid patients below the costs for treatment, other uncompensated care, discounted pricing to the uninsured, and pays taxes and fees

The following is a summary of charity care and other community benefit activities incurred during the years ended September 30, 2014 and 2013 All amounts, except charity care and bad debts are unaudited

	2014	2013
Community benefits		
Charity care	$ 925,000	$ 917,000
Cost in excess of Medicaid payments - unaudited	6,454,000	4,583,000
Medicaid surcharge and MinnesotaCare tax - unaudited	2,467,000	2,309,000
Education and workforce development and research - unaudited	541,000	469,000
Cash and in-kind donations - unaudited	76,000	244,000
Community building and other community benefit costs - unaudited	28,000	52,000
Total cost of community benefits	$ 10,491,000	$ 8,574,000
Other community contributions		
Costs in excess of Medicare payments - unaudited	$ 14,633,000	$ 14,809,000
Discounts offered to uninsured - unaudited	332,000	344,000
Other care provided without compensation (bad debts)	3,467,000	3,890,000
Total value of community contributions	$ 18,432,000	$ 19,043,000

Note 3 - Net Patient and Resident Service Revenue

The Corporation has agreements with third-party payors that provide for payments to the Corporation at amounts different from its established rates A summary of the payment arrangements with major third-party payors follows

Hospital Medicare Inpatient acute care and outpatient services rendered to Medicare program beneficiaries are paid at prospectively determined rates per visit These rates vary according to a patient classification system based on clinical, diagnostic, and other factors The Corporation is reimbursed for cost reimbursable items at a tentative rate with final settlement determined after submission of annual cost reports by the Corporation and audits thereof by the Medicare fiscal intermediary The Corporation's Medicare cost reports have been audited by the Medicare fiscal intermediary through the year ended September 30, 2009, as well as the year ended September 30, 2011

Hospital Medicaid Inpatient acute care services rendered to Medicaid program beneficiaries are paid at prospectively determined rates per discharge These rates vary according to a patient classification system that is based on clinical, diagnostic, and other factors Outpatient services related to Medicaid program beneficiaries are reimbursed on a fee screen basis

Hospital Blue Cross Inpatient services rendered to Blue Cross subscribers are paid on a prospective payment basis using the All Payer Group (APG) methodology Outpatient services are reimbursed on a prospective payment basis using the Enhanced Ambulatory Payment Group (EAPG) methodology Both prospective rates were set with the expectation that total reimbursement would be equal to the reimbursement generated under the prior year payment methodology

Nursing Home Medicaid Routine services rendered to nursing home residents, who are beneficiaries of the Medicaid program or who pay from private resources, are paid according to a schedule of prospectively determined daily rates determined by Minnesota's Medicaid program A rate is assigned to each nursing home resident based on the residents' ability to perform certain activities of daily living and on certain other clinical factors Payments are made for each case-mix category and are adjusted each year by an inflation index Additional services may be paid on a fee-for-service basis

Nursing Home Medicare The Corporation participates in the Medicare program for which payment for services is made on a prospectively determined per diem rate that varies based on a case-mix resident classification system

Physician Clinics Physician clinic services rendered to Medicare program beneficiaries are paid based on recognition that the clinics are designated as "provider-based" and receive a professional fee based on Medicare's established fee schedule and an ambulatory payment classification (APC) facility payment Physician clinic services are paid on a fixed fee schedule for Medicaid and Blue Cross beneficiaries

The Corporation has also entered into payment agreements with certain commercial insurance carriers and other organizations The basis for payment to the Corporation under these agreements includes prospectively determined rates per discharge, discounts from established charges, and prospectively determined daily rates

Revenue from the Medicare and Medicaid programs accounted for approximately 42% and 17% of the Corporation's patient service revenue for the year ended September 30, 2014 and 43% and 14% for the year ended September 30, 2013. Revenue from commercial insurance programs accounted for appropriately 34% of the Corporation's patient service revenue for the years ended September 30, 2014 and 2013. Laws and regulations governing the Medicare, Medicaid, and other programs are extremely complex and subject to interpretation. As a result, there is at least a reasonable possibility that recorded estimates will change by a material amount in the near term. The net patient service revenue for the years ended September 30, 2014 and 2013 increased approximately $294,000 and $2,200,000, respectively, due to a change in estimates associated with open or final settled cost reports.

The Centers for Medicare and Medicaid Services (CMS) has implemented a Recovery Audit Contractor (RAC) program under which claims are reviewed by contractors for validity, accuracy, and proper documentation. The potential exists that the Corporation may incur a liability for a claims overpayment at a future date. As the outcome of such potential reviews is unknown and cannot be reasonably estimated, it is the Corporation's policy to adjust revenue for deductions from overpayment amounts or additions from underpayment amounts determined under the RAC audits at the time a change in reimbursement is agreed upon between the Corporation and CMS.

A summary of patient and resident service revenue, contractual adjustments, and provision for bad debts for the years ended September 30, 2014 and 2013 is as follows:

	2014	2013
Total patient and resident service revenue	$ 183,583,337	$ 181,795,055
Contractual adjustments		
Medicare	(41,116,493)	(40,776,208)
Medicaid	(18,437,944)	(15,542,473)
Blue Cross	(5,986,269)	(5,581,231)
Other	(6,479,303)	(6,536,466)
Total contractual adjustments	(72,020,009)	(68,436,378)
Net patient and resident service revenue	111,563,328	113,358,677
Less provision for bad debts	(3,466,783)	(3,886,034)
Net patient service revenue less provision for bad debts	$ 108,096,545	$ 109,472,643

Note 4 - Investments and Investment Income

Assets Limited as to Use

The composition of assets limited as to use at September 30, 2014 and 2013 is shown in the following table Investments in mutual funds, marketable equity securities, U S Government and agencies fixed income, and corporate fixed income are stated at fair value Cash and cash equivalents are stated at historical cost, plus accrued interest

	2014	2013
Designated for property and equipment		
Cash and cash equivalents	$ 153,469	$ 275,083
Mutual funds	9,095,048	7,297,178
Marketable equity securities	127,440	95,674
U S Government and agencies fixed income	25,572	25,855
Corporate fixed income	60,058	49,999
Accrued interest receivable	672	623
	$ 9,462,259	$ 7,744,412
Under bond indenture agreement		
Cash and cash equivalents	$ 3,086,901	$ 3,085,772
Less amount shown as current	(488,578)	(487,449)
	$ 2,598,323	$ 2,598,323

Investments

Investments in traded certificates of deposit, mutual funds, corporate fixed income, U S Government and agencies fixed income, and marketable equity securities are stated at fair value Cash and cash equivalents are stated at historical cost plus accrued interest Investments include the following at September 30, 2014 and 2013

	2014	2013
Short-term investments		
Cash and cash equivalents	$ 2,074,647	$ 2,959,570
Certificates of deposit - traded	-	250,000
Mutual funds	3,437,475	4,110,112
Corporate fixed income	360,147	183,745
U S Government and agencies fixed income	-	20,177
Defensive equity fund	6,123,461	-
Marketable equity securities	1,065,269	935,572
Accrued interest receivable	1,639	1,907
	$ 13,062,638	$ 8,461,083
Long-term investments		
Cash and cash equivalents	$ 457,896	$ 718,155
Mutual funds	28,796,102	24,441,868
Marketable equity securities	7,224,480	9,562,752
U S Government and agencies fixed income	51,144	51,709
Corporate fixed income	100,096	99,999
Accrued interest receivable	2,381	2,380
	$ 36,632,099	$ 34,876,863

Investment Income

Investment income and gains and losses on assets limited as to use, cash equivalents, and other investments consist of the following for the years ended September 30, 2014 and 2013

	2014	2013
Unrestricted other income		
Investment income		
Interest and dividend income	$ 685,388	$ 566,903
Realized gains and losses on investments, net	680,124	351,382
	$ 1,365,512	$ 918,285
Other changes in unrestricted net assets		
Change in unrealized gains and losses on investments	$ 1,525,823	$ 1,904,436
Other changes in temporarily restricted net assets		
Investment income		
Interest and dividend income	$ 586,567	$ 512,244
Realized gains and losses on investments, net	255,836	112,833
Change in unrealized gains and losses on investments	(477,451)	1,888,876
	$ 364,952	$ 2,513,953

Investments in an Unrealized Loss Position

Investments in an unrealized loss position at September 30, 2014 and 2013 are shown in the following table

	Greater Than 12 Months		Less Than 12 Months	
	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
September 30, 2014				
Mutual funds	$ 4,664,512	$ (114,747)	$ 4,952,598	$ (15,975)
Marketable equity securities	12,623	(466)	59,969	(6,311)
	$ 4,677,135	$ (115,213)	$ 5,012,567	$ (22,286)
September 30, 2013				
Mutual funds	$ 1,763,670	$ (213,573)	$ 4,737,957	$ (147,380)
Corporate fixed income	159,998	(2)	-	-
Marketable equity securities	14,487	(891)	42,590	(2,503)
	$ 1,938,155	$ (214,466)	$ 4,780,547	$ (149,883)

The unrealized losses on the Corporation's investments in mutual funds and marketable equity securities are the result of changes in interest rates and in market conditions that occur daily. Investments in a loss position greater than 12 months consisted of 28 securities and investments in a loss position less than 12 months consisted of 53 securities as of September 30, 2014. The Corporation has the ability and intent to hold these investments until a recovery of full par value. The Corporation does not consider those investments to be other-than-temporarily impaired at September 30, 2014.

Note 5 - Property and Equipment

A summary of property and equipment at September 30, 2014 and 2013 follows:

	2014		2013	
	Cost	Accumulated Depreciation	Cost	Accumulated Depreciation
Land	$ 4,701,249	$ -	$ 4,731,158	$ -
Land improvements	1,602,037	1,057,910	1,602,037	969,503
Buildings and improvements	65,626,435	36,408,044	64,840,349	34,177,367
Major movable equipment	38,547,898	28,796,648	36,113,468	26,483,861
Construction in progress	1,278,244	-	1,153,287	-
	$ 111,755,863	$ 66,262,602	$ 108,440,299	$ 61,630,731
Net property and equipment		$ 45,493,261		$ 46,809,568

Construction in progress at September 30, 2014 represents costs for on-going projects. The Corporation does not have any significant construction commitments at September 30, 2014.

Note 6 - Long-Term Debt

Long-term debt consists of the following as of September 30, 2014 and 2013

	2014	2013
City of Winona, Minnesota, Health Care Facilities Refunding Revenue Bonds (Winona Health Obligated Group), Series 2012, due in semi-annual payments of interest at 2 00% to 4 75% to 2027, term bonds at 4 50% to 2024, and term bonds at 5 00% to 2034, principal payments start in July 2015, secured by the revenues and property of the Obligated Group	$ 19,895,000	$ 19,895,000
City of Winona, Minnesota, Health Care Facilities Refunding Revenue Bonds (Winona Health Obligated Group), Series 2007, due in semi-annual payments of interest at 5 00% to 2018, term bonds at 5 00% to 2023, and term bonds at 5 15% to 2031, secured by the revenues and property of the Obligated Group	11,630,000	12,055,000
4 50% note payable, due in monthly payments of $9,729 including interest to October 2016, secured by Rushford Clinic building and equipment	222,889	327,044
	31,747,889	32,277,044
Less current maturities	(1,253,942)	(525,000)
Long-term debt, less current maturities	$ 30,493,947	$ 31,752,044

Long-term debt maturities are as follows

Years Ending September 30,	Amount
2015	$ 1,253,942
2016	1,288,947
2017	1,215,000
2018	1,265,000
2019	1,310,000
Thereafter	25,415,000
	$ 31,747,889

Under the terms of the City of Winona, Minnesota Health Care Facilities Refunding Revenue Bonds Series 2007 and the Health Care Facilities Refunding Revenue Bonds Series 2012, Winona Health Services, WSS and Foundation (Obligated Group) are limited in the incurrence of additional borrowings and are required to satisfy certain measures of financial performance, as defined in the indenture agreements

Note 7 - Temporarily and Permanently Restricted Net Assets

Temporarily restricted net assets are available for the following purposes at September 30, 2014 and 2013

	2014	2013
Health care services - uncompensated care	$ 1,928,938	$ 2,598,058
Various health care services	1,714,707	1,705,160
	$ 3,643,645	$ 4,303,218

In 2014 and 2013, net assets were released from donor restrictions by incurring expenditures satisfying the restricted purposes in the amounts of $1,413,922 and $1,391,802, respectively These amounts are included in net assets released from restrictions in the accompanying consolidated financial statements

Permanently restricted net assets at September 30, 2014 and 2013 are restricted to

	2014	2013
Investments to be held in perpetuity, the income from which is expendable to support uncompensated care	$ 16,624,394	$ 16,353,402
Investments to be held in perpetuity, the income from which is expendable to support various health care services	1,938,326	1,920,843
Investments to be held in perpetuity, the income from which is unrestricted as to use	1,114,288	1,114,288
	$ 19,677,008	$ 19,388,533

Note 8 - Endowments

The Corporation's endowment (the Endowment) consists of approximately 44 funds established by donors to provide annual funding for specific activities and general operations The Endowment also includes certain unrestricted net assets designated for quasi-endowment by the Board of Directors Net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions

Interpretation of Relevant Law

The Corporation has interpreted Minnesota's adoption of the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent any explicit donor stipulations to the contrary As a result of this interpretation, the Corporation classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets, if any, is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Corporation in a manner consistent with the standard of prudence prescribed by UPMIFA

In accordance with UPMIFA, the Corporation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds

1) The duration and preservation of the fund
2) The purposes of the Corporation and the donor-restricted endowment fund
3) General economic conditions
4) The possible effect of inflation and deflation
5) The expected total return from income and appreciation of investments
6) Other resources of the Corporation
7) The investment policies of the Corporation
8) The intent of the donor when the gift is made

At September 30, 2014 and 2013, the Corporation had the following endowment net asset composition by type of fund

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
September 30, 2014 Endowments	$ 1,855,274	$ 1,928,938	$ 19,677,008	$ 23,461,220
September 30, 2013 Endowments	$ 1,855,274	$ 2,598,058	$ 19,388,533	$ 23,841,865

Changes in endowment net assets for the years ending September 30, 2014 and 2013 are as follows

	2014			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, beginning of year	$ 1,855,274	$ 2,598,058	$ 19,388,533	$ 23,841,865
Investment return				
Investment income	68,019	570,293	-	638,312
Net appreciation (depreciation) (realized and unrealized)	62,698	(221,615)	-	(158,917)
Total investment return	130,717	348,678	-	479,395
Contributions	-	-	288,475	288,475
Appropriation of endowment assets for expenditure	(130,717)	(1,017,798)	-	(1,148,515)
Endowment net assets, end of year	$ 1,855,274	$ 1,928,938	$ 19,677,008	$ 23,461,220

	2013			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, beginning of year	$ 1,855,274	$ 1,250,429	$ 19,123,234	$ 22,228,937
Investment return				
Investment income	68,822	496,440	-	565,262
Net apppreciation (realized and unrealized)	189,603	2,001,709	-	2,191,312
Total investment return	258,425	2,498,149	-	2,756,574
Contributions	-	-	265,299	265,299
Appropriation of endowment assets for expenditure	(258,425)	(1,150,520)	-	(1,408,945)
Endowment net assets, end of year	$ 1,855,274	$ 2,598,058	$ 19,388,533	$ 23,841,865

Funds with Deficiencies

From time to time, the fair value of assets associated with individual donor restricted endowment funds may fall below the level that the donor or UPMIFA requires the Corporation to retain as a fund of perpetual duration There were no deficiencies of this nature in the donor restricted endowment funds

Return Objectives and Risk Parameters

The Corporation has adopted investment and spending policies for endowment assets that emphasize the preservation of purchasing power while providing funds to support the intended programs as specified by the donors The endowment assets are invested in a manner that strives for consistent returns and performance based on the risk tolerance established by the Board of Directors

Strategies Employed for Achieving Objectives

The endowment fund assets are pooled with the Corporation's long-term investments and invested according to the Corporation's investment policy According to the Corporation's investment policy, investment managers are required to diversify investments by maintaining a split of 70% equity securities and 30% fixed income securities Monitoring and instituting re-balancing of investments within guidelines is the responsibility of the investment manager(s) A summary of the Corporation's investment policy for such investments is as follows

Short-Term Investments and Liquidity – Short-term investments may be made in insured or collateralized obligations of U S banking institutions, triple or double "A-rated" corporate commercial paper or similar obligations of the U S Government Short-term investments are fixed income investments with maturities of two years or less

Long-Term Debt Securities (Fixed Income) – Long-term debt securities include public and private placement of debt securities (such as commercial paper, U S Treasury securities, and other notes and bonds) and units of mutual funds, limited partnership interests as units of mutual funds, and other commingled vehicles investing in debt securities All bonds not held in bond mutual funds must be governmental and corporate debt security issues with quality ratings of at least "BAA/BBB" from recognized credit services

Equity Securities – Equity securities include public and private equity, such as common and preferred stock and units of mutual funds, limited partnership interests, as units of mutual funds, or other commingled vehicles investing in ownership interests

Spending Policy and How the Investment Objectives Relate to Spending Policy

The Corporation has adopted a spending policy that attempts to provide a predictable stream of funding for the purposes, if any, of each endowment, while seeking to maintain the purchasing power of the endowment assets The current spending policy allows for the annual interest and dividend earnings to be distributed with each endowment fund maintaining the original corpus

Note 9 - Self-Insurance

The Corporation has a self-insured health plan that is administered by a third-party administrator who recommends current funding under the health plan The terms of the plan call for the reimbursements to the plan administrator for all claims paid, up to a maximum amount of $300,000 per covered participant per year with an unlimited lifetime limit per covered participant At September 30, 2014 and 2013, the Corporation has estimated a liability of $850,000 and $806,000, respectively, for incurred but unreported claims, which is included in "accrued expenses, primarily salaries, wages, and benefits" on the consolidated balance sheets At September 30, 2014, the Corporation has estimated a receivable of $550,000 related to recoveries from stop loss insurance, included in other accounts receivable The Corporation recognized approximately $8,944,000 and $7,224,000, respectively, in employer health insurance expenses for the years ended September 30, 2014 and 2013

The Corporation participates in a self-insured workers' compensation plan (Plan) The Plan is administered by an administration company that determines the current funding requirements of participants under the terms of the Plan and the liability for claims and assessments that would be payable at any given point in time In connection therewith, the Corporation charged to operations provisions of approximately $783,000 and $393,000 in 2014 and 2013, respectively, which represent the sum of actual claims paid, administrative costs, and the estimates of liability relating to claims, both asserted and unasserted, resulting from incidents that occurred during these years The Corporation has recorded an estimated liability of $680,000 and $661,000, respectively, at September 30, 2014 and 2013, which is included in "accrued expenses, primarily salaries, wages, and benefits" on the consolidated balance sheets Subsequent adjustments of insurance plan liabilities based on claims experience is treated as adjustments to expense

Note 10 - Pension Plan

The Corporation has a defined contribution pension plan under which employees become participants upon reaching age 21, completion of one year of service, and working at least 1000 hours per year Employer matching contributions of 1% to 3% of annual compensation are deposited with the Plan trustee who invests the Plan assets Total pension plan expense for the years ended September 30, 2014 and 2013 was approximately $1,896,000 and $1,829,000, respectively

Note 11 - Deferred Compensation

The Corporation has a 457(b) deferred compensation plan for the benefit of certain key employees Employees may contribute to the plan annually Employer contributions are made annually at the discretion of the Board Total annual contributions may not exceed IRS limits Participants are 100% vested in their accounts at all times Participants can direct their balances into various investment options available under the plan All of the 457(b) plan assets are subject to the Corporation's general creditors The deferred compensation will be paid to an individual, or the individual's estate, no earlier than the calendar year in which the individual attains age 70½ or the date on which the individual has a severance from employment, death, or when a specifically identified unforeseen emergency has occurred Plan assets as of September 30, 2014 and 2013 totaled $3,213,804 and $2,570,036, respectively Employer contributions to the 457(b) plan for the years ended September 30, 2014 and 2013 were $63,332 and $64,236

The Corporation has a separate 457(f) deferred compensation plan for the benefit of certain key employees Only employer contributions may be made to the plan annually at the discretion of the Board Participants are vested in the plan based on individual employment agreements, or become fully vested upon death, disability, change in control of the Corporation, or involuntary termination of employment without cause Participants can direct their balances into various investment options available under the plan All of the 457(f) plan assets are subject to the Corporation's general creditors The deferred compensation will be paid to an individual upon vesting Plan assets as of September 30, 2014 and 2013 totaled $994,817 and $759,072, respectively Employer contributions to the 457(f) plan for the years ended September 30, 2014 and 2013 were $300,197 and $225,849, respectively

Note 12 - Concentrations of Credit Risk

The Corporation grants credit without collateral to its patients and residents, most of whom are insured under third-party payor agreements The mix of receivables from third-party payors, patients, and residents at September 30, 2014 and 2013 was as follows

	2014	2013
Medicare	20%	23%
Medicaid	6%	6%
Self-pay	35%	34%
Insurance and other	39%	37%
	100%	100%

The Corporation's cash balances are maintained in various bank deposit accounts At times, the balances of these deposits are in excess of federally insured limits

Note 13 - Functional Expenses

The Corporation provides health care services to residents within its geographic location Expenses related to providing these services by functional class for the years ended September 30, 2014 and 2013 are as follows

	2014	2013
Patient and resident health care services	$ 108,024,136	$ 107,374,675
General and administrative	10,528,173	8,580,698
Fundraising	404,795	363,669
	$ 118,957,104	$ 116,319,042

Note 14 - Fair Value Measurement

Assets measured at fair value on a recurring basis at September 30, 2014 and 2013 are as follows

	September 30, 2014		
	Quoted Prices in Active Markets (Level 1)	Other Observable Inputs (Level 2)	Unobservable Inputs (Level 3)
Mutual funds			
Large-cap equities	$ 11,689,443	$ -	$ -
Corporate fixed income	8,835,694	-	-
International equities	4,502,297	-	-
International fixed income	3,751,166	-	-
Balanced	7,438,037	-	-
U S Government and agencies fixed income	770,783	-	-
Other	4,341,205	-	-
Marketable equity securities			
Large-cap	7,788,180	-	-
Mid and small-cap	112,056	-	-
International and emerging markets	382,874	-	-
Other	134,079		
Defensive equity fund	-	6,123,461	-
U S Government and agencies fixed income	-	76,716	-
Corporate fixed income			
Financial sector - medium term notes	-	520,301	-
	$ 49,745,814	$ 6,720,478	$ -

	September 30, 2013		
	Quoted Prices in Active Markets (Level 1)	Other Observable Inputs (Level 2)	Unobservable Inputs (Level 3)
Mutual funds			
Large-cap equities	$ 12,174,120	$ -	$ -
Corporate fixed income	9,730,949	-	-
International equities	4,021,451	-	-
International fixed income	2,135,548	-	-
Balanced	2,662,902	-	-
U S Government and agencies fixed income	1,202,171	-	-
Other	3,922,017	-	-
Marketable equity securities			
Large-cap	9,994,085	-	-
Mid-cap	300,214	-	-
International and emerging markets	299,699	-	-
Certificates of deposit - traded	-	250,000	-
U S Government and agencies fixed income	-	97,741	-
Corporate fixed income			
Financial sector - medium term notes	-	323,743	-
Other	-	10,000	-
	$ 46,443,156	$ 681,484	$ -

Level 1 Measurements – The fair value of investments in mutual funds and marketable equity securities is determined by reference to quoted market prices of identical securities

Level 2 Measurements – The fair value of investments in traded certificates of deposit, U S Government and agencies fixed income, and corporate fixed income is determined by reference of deposit to market prices of similar securities The Corporation uses Net Asset Value (NAV) per share, or its equivalent, such as member units or an ownership interest in partners' capital, to estimate the fair value of its defensive equity fund which does not have a readily determinable fair value Investments valued at NAV are classified within Level 2 if the Corporation has the ability to redeem the investment at NAV per share at the measurement date or within the near term, otherwise, the investment is classified within Level 3

The Corporation's investment in certain entities that calculate NAV per share is as follows at September 30, 2014 and 2013

	Number of Investments	Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Defensive equity fund	1	$ 6,123,461	$ -	Monthly	5 days

The defensive equity fund's investment objective is to provide a defensive equity exposure by investing and trading in financial instruments, including, but not limited to exchange traded funds, equity index futures contracts, equity index options, equity futures options, exchange traded fund options, and U S Treasury securities

Note 15 - Contingencies

Malpractice Insurance

The Corporation has malpractice insurance coverage to provide protection for professional liability losses on a claims-made basis subject to a limit of $1 million per claim and an annual aggregate limit of $3 million The Corporation also has a $10 million umbrella policy Should the claims-made policy not be renewed or replaced with equivalent insurance, claims based on occurrences during its term, but reported subsequently, would be uninsured At September 30, 2014, the Corporation accrued a liability for malpractice losses of $300,000, included in "accrued expenses, primarily salaries, wages and benefits," and recorded a receivable of $300,000, included in other current assets, for expected insurance recoveries related to the malpractice claims

Letter of Credit

The Corporation has a letter of credit with a local financial institution for $1,821,404 expiring February 2015 The purpose of the letter of credit is to provide additional funding if the Corporation's designated cash and cash equivalents are not sufficient to cover its obligations under the self-insured workers' compensation plan (Note 9) No amounts were drawn on this letter of credit as of September 30, 2014 and 2013

Litigation, Claims and Disputes

The Corporation is subject to the usual contingencies in the normal course of operations relating to the performance of its tasks under its various programs In the opinion of management, the ultimate settlement of any litigation, claims, and disputes in process will not be material to the consolidated financial position of the Corporation

The health care industry is subject to numerous laws and regulations of federal, state, and local governments Compliance with these laws and regulations, specifically those relating to the Medicare and Medicaid programs, can be subject to government review and interpretation, as well as regulatory actions unknown and unasserted at this time Federal government activity has increased with respect to investigations and allegations concerning possible violations by health care providers of regulations, which could result in the imposition of significant fines and penalties, as well as significant repayments of previously billed and collected revenues from patient and resident services Management believes that the Corporation is in substantial compliance with current laws and regulations

Collective Bargaining Agreements

As of September 30, 2014 and 2013, approximately 18% of the Corporation's employees were represented by two separate collective bargaining units The labor agreements expire on July 31, 2017 and August 10, 2015

Note 16 - Fair Value of Financial Instruments Not Required to be Reported at Fair Value

The Corporation considers the carrying amount of significant classes of financial instruments on the consolidated balance sheets, including cash and cash equivalents, net patient and resident receivables, other assets, accounts payable and accrued expenses to be reasonable estimates of fair value due to their length of maturity at September 30, 2014 and 2013

Management has estimated the fair value of long-term debt to be approximately $33,500,000 and $32,200,000 at September 30, 2014 and 2013, respectively The fair value of these obligations is based on market prices for similar securities and interest rates, which is considered a Level 2 input

Note 17 - Subsequent Events

The Corporation has evaluated subsequent events through December 15, 2014, the date which the consolidated financial statements were issued